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PUBLIC DEBTS

OF EUROPE.

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TURGOT AND HIS DOCTRINES, AND NUMEROUS WORKS ON POLITICAL ECONOMY,
FRENCH FINANCE, LEGISLATION, AND RAILROADS.

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THE PUBLIC DEBTS OF EUROPE.

For some years, and very lately in particular, investments in foreign funds, in international securities, have grown to such importance, that it is not without interest to know exactly the figure of the public debt of the several countries surrounding us, how the different loans have been issued, and what their special guaranties are. This is the information we have endeavored to obtain. We have also inquired concerning the increase or decrease of these different debts since 1870, and have noted the modifications occurring since that date in the financial condition of neighboring countries.

Some account will also be found here of the distribution of the funds between inhabitants of the home and of foreign countries.

To make our figures absolutely exact, we have surrounded ourselves with official documents only; we owe these precious documents to the kindness of the Ministers of Finance and Directors-General of Statistics of foreign governments. May we be allowed here to renew the expression of our gratitude for their extreme kindness in honoring us with communications. Any interest or novelty in this work is entirely due to them.

In this study we shall follow the same order adopted in our work, appearing in the *Journal des Economistes*, and published by Guillaumin, on the "Organization of the French and Foreign Financial Markets." We shall successively publish "monographs," if we may so express ourselves, on the debts of Prussia, Germany, Austria, the kingdom of Hungary, Würtemberg, Saxony, the State of Ham-burg, Bavaria, Baden, the smaller German States, the kingdom of Italy, the kingdom of Sweden, Norway, Denmark, the Netherlands, Belgium, Spain, Portugal, Great Britain, Switzerland, Servia, Roumania, Greece, Turkey, Bulgaria, Montenegro, Finland, the empire of Russia. We shall conclude by giving a general survey of the public debt of France.

In the course of this study, as well as in our general recapitu-

lation and conclusion, we shall have occasion to call attention to the different modes of loans adopted by the different States of Europe; public emissions, adjudications, sales to bankers, participations, financial syndicates; it will be likewise interesting to study what the governments around us have done in the way of converting their funds. For the present the figures may be allowed to speak for themselves.

We will begin with the kingdom of Prussia.

1.—KINGDOM OF PRUSSIA.

On the 1st of April, 1886, the nominal capital of the public debt amounted to 3,901,920,404 marks, 48,* or in francs to 4,814 millions about.

The annual expenditures on this debt are :

For interest.....	158,476,125 marks, 96.
For amortization.....	20,055,137 marks, 85.

Total..... 178,531,262 marks,

representing in francs about 220 millions.

To these figures should be added :

1,393,913 marks for various special funds.
707,465 marks for costs of administration.

Total..... 2,101,378 marks, and 2,594,000 francs.

Without counting these special funds, the nominal capital of the public debt of Prussia amounts in capital to 4,814 millions, and in interest and costs of administration to about 220 millions.

These loans have been issued in securities at 5, 4½, 4, and 3½ per cent., and in bills with premiums and prizes.

Of the different loans there have been issued :

In 5 per cents.....	marks....	388,885.75
In 4½ per cents.....	"	546,188.750
In 4 per cents	"	3,220,651,060.03
In 3½ per cents.....	"	125,273,851.58
In loans with premiums.....	"	9,417,857.14

Total marks..... 3,901,920,404 marks.

All these loans have been placed in Germany; the greater part of the securities belong to inhabitants of the country. According to the law of January 17, 1820, the public debt, and, consequently, the different loans, are guaranteed by the entire fortune of the State, first of all by the domains and forests. When a loan is considered necessary, the Minister of Finance is authorized by a law and by a royal ordinance to issue, at the times he judges suitable, the securities of the loans which he has been authorized to contract.

The Great Book of the Prussian debt is of recent creation. On

* 1 mark=100 pfennigs =1,2345 francs. 1 pfennig=fr. 0.0123.

the 31st of March last there were 2,918 accounts for a capital of 155,553,900 marks against 641 accounts and 52,192,700 marks at the same date in 1885.

The inscriptions of securities are distributed as follows:

Amounts less than 4,000 m.....	29.1 per cent.
Amounts from 4,000 to 10,000 m.....	22.3 per cent.
Amounts from 10,000 to 50,000 m.....	33.8 per cent.

The remainder is so distributed that the average of the amounts over 50,000 is at 53,000 marks, while the corresponding average during the first six months of the keeping of the Great Book—October 1884, to March, 1885—was 81,000 marks.

This shows that the number of smaller capitalists registering their securities in the Great Book has considerably increased.

1,904 inscriptions are in the name of individuals or business houses; 513 in the name of persons of civil condition; 499 in the name of estates without civil personification.

Among the holders 2,636 are residents in Prussia, 255 in other German States, and 27 in foreign countries.

Besides the 4 per cent. consols, by virtue of a law recently voted the $3\frac{1}{2}$ per cent. securities have been allowed to be registered since July 1.

Since 1870, the increase of the public debt has been 2,574,002,289 marks, 30 pfennigs, or 3,217,502,862 francs. It is difficult to give an exact account of the different loans issued since 1870, by reason of the amortizations which have taken place, the redemptions made with the funds of the war indemnity, and by reason also of the numerous conversions and consolidations that have been effected.

It is well to remark that the total of the State debt includes that of the railroads. Now, these railroads, belonging to the kingdom of Prussia, have caused an expenditure and represent a capital of 3,657,911,620 marks, or 4,572,393,275 francs, which really reduces the public debt properly so called of Prussia to the nominal figure of 242 millions.

The railroads of the State are very extensive in Prussia. The lines in operation amounted on the 29th of May, 1884, to 22,246 kilometers. The whole system is subdivided into seven divisions. Each is managed by a president with a salary of 10,500 marks or 13,125 francs, and twelve directors receiving annually 4,200 to 6,000 marks (5,250 to 7,500 francs). The excess of revenue over expenditure is considerable, about 100 million marks, or 125 million francs, while, as was seen above, the expenditure required by the public debt is only 220 million francs, which is nearly six times less than in France. These few figures, without developing them further, show how strong Prussia's financial condition is. The total of the general and local taxes is in Prussia three times less than in

France.* We are often mistaken with regard to the character of the financial difficulties of our neighbors beyond the Vosges. These difficulties proceed chiefly from a bad assessment of taxes. When Prussia sees fit to increase slightly the taxes on the principal beverages of Germany, alcohol and beer, which now pay very small imposts, she will swell her resources to enormous proportions. It is well that these facts should be known in our country, where erroneous views, having long kept up an illusion on the military strength of Prussia, continue still to keep up this same illusion upon her financial condition.

II.—EMPIRE OF GERMANY.

The interest-bearing German debt of the empire of Germany, amounted, December 31, 1885, to 426,941,000 marks, or 526,958,664.50 francs.

The payment of the interest requires, for the year 1885-1886 (from April 1, 1885, to the end of March, 1886), 16,400,000 marks or 20,145,800 francs. Nothing has thus far been amortized.

The loans were issued at 4 per cent.

The debt of the old North German Confederation, by the law of July 21, 1870, for providing means to carry on the war with France, was at the end of 1870 funded at 5 per cent. to the amount of 267,069,900 marks, and at the end of 1871, to the amount of 341,319,900 marks. This debt was to be repaid January 1, 1873, but there still remained, December 31, 1885, a sum of 23,400,000 marks to be amortized. This sum is not included in the debt of 426,941,900 marks mentioned above.

The first loan of the empire of Germany was issued in 1877. Since that time the amount of the loans has increased in the following proportions:

March 31, 1878, it was	72 million marks.	..	March 31, 1882, it was	319 million marks.
" 31, 1879, "	139	" ..	" 31, 1883, "	349
" 31, 1880, "	218	" ..	" 31, 1884, "	373
" 31, 1881, "	268	" ..		

* Since these lines were written, the Prussian Government has offered to convert into 3½ per cent. consols of the State the following obligations of railroads purchased by the State:

		<i>Circulation on 31st of March, 1886.</i>	
4 per cent. obligations	Altona-Kiel, 1st emission.....m.	7,290,000	
4 "	" " 2d "	9,300,000	
4 "	" Magdeburg-Halbertstadt, of April 15, 1861.	6,324,000	
4 "	" Berlin-Potsdam-Magdeburg, <i>lit. E.</i>	28,380,000	
4 "	" " " <i>lit. F.</i>	5,919,000	
4½ "	" " " <i>lit. D.</i>	8,795,000	
4 "	" Breslau-Schweidnitz-Freiburg, <i>lit. G.</i>	8,486,000	
4 "	" " " <i>lit. J.</i>	5,218,000	
4 "	" Berlin Goelitz, <i>lit. C.</i>	6,743,000	

Total.....m. 86,455,000

Holders will have their 4 per cent. until October 1, 1887. Acceptation of the conversion must be notified before October 30, 1886.

There are no special guarantees for the loans of the empire.

In 1870 the loan of the Confederation was issued in great part by public subscription, and a smaller portion was sold through banking houses.

The loans of the State are issued almost exclusively by sales to bankers and by public subscriptions operated through the Imperial Bank and the Royal Maritime Society of Prussia.

The preceding remarks relate to the debts of the German Empire, that is, to the union of the confederated States, but not to the debts of these States separately.

To conclude this chapter on the public debts of Prussia and Germany, we give in the following table the approximate market prices, on July 15, 1886, and December 15, of some of the Prussian and German State funds:

	July 15.	December 15.
German loan, 4 per cent.....	105.90	105.75
Prussian loan, 3½ per cent.....	103.40	101.20
Premium loan, 3½ per cent.....	142	145
3½ per cent. Brunswick.....	101.80	100
3½ per cent. Frankfort.....	101.10	100
3 per cent. Frankfort.....	97.50	98.50
4 per cent. Hessian.....	103.50	102.90
4 per cent. Darmstadt.....	105.50	105
4 per cent. Nassau.....	103.50	102.50
3 per cent. Saxon.....	99.25	97.25
3½ per cent. Baden.....	99.60	100
4 per cent. Baden, 1875.....	101.50	103.50
4 per cent. Bavarian.....	105	104.80
3½ per cent. Bavarian.....	101.50	101.20

Thus all Germany sees its 3½ per cent. securities quoted above par, and its 3 per cents. will soon be at par; consequently the credit of these different countries is such that they could borrow at about 3 per cent.

It is unnecessary to remark upon the increase in strength and authority given to all Germany by the power of its credit, the high prices of its public funds and of those of the confederated States.

We must not finish this chapter without saying a few words on the budget of the German Empire. This budget, for the year 1886-1887, amounts in revenue and expenditure to 750,946,865 marks, or 938,683,358 francs 25, viz.:

Permanent expenditures.....	m. 631,345,194
Temporary expenditures.....	119,601,691
Revenue.....	750,946,885

This last figure includes the product of a loan of 72,100,000 marks at 3½ per cent., which the Chancellor proposes to contract, and consequently represents the deficit shown by the budget. These figures do not comprise the separate budgets of the 26 States composing the empire, nor the separate budgets of the municipal and rural communes. The budget of 1886-1887, compared with the pre-

ceding, shows an increased expenditure of nearly 120 millions, or about 15 per cent. The navy, in particular, has an increase of $8\frac{1}{2}$ millions.

The German system of budgetary accounts is less complicated than ours. We write on one side the total expenditure and on the other the total revenue for certain public services. Thus, for the tobacco department, the post-offices and telegraphs, the State railways, we inscribe on one hand the cost of these different departments, and on the other the income they give. The German way of accounting is more expeditious and practical. For the department mentioned, the Germans write only the net difference between revenue and expenditure. Thus the budget of the German empire has no amount of expenditure for post-offices and telegraphs, but merely the amount of revenue. This net revenue amounted in 1884-1885 to 25,712,193 marks. The expenditures had been 134,230,807 marks, and the gross receipts 159,943,000 marks.

If we should apply the same system, several hundreds of millions would disappear from our budget, which would then have only the net and real result of operations. For post-offices and telegraphs and for tobacco alone, we should thus have to retrench more than 200 millions from our budget.

We must remark that at the same time the budget of the empire of Germany for 1886-1887 has an increased expenditure of 120 millions, and yet a very considerable reduction of revenue, in consequence of the crisis weighing upon all Europe. The budget of 1885-1886 presents for sugar a reduction of 40 per cent., and for tobacco of about 30 per cent. We complain of the diminution of revenue in our budgets. It is, as will be allowed, of slight importance when compared with that in Germany upon sugar and tobacco. During the year 1885, our total revenue from tobacco was 374,418,000 francs. Now, during the first half of 1886, the revenue amounted to 181,201,000 francs, which would give for the whole year about $362\frac{1}{2}$ millions, or 12 millions less. What are these 12 millions to a total revenue of 374 millions? Hardly 3 per cent. Now, in Germany, the reduction noted has been 30 per cent. Doubtless one wrong does not mend another, as an old saying has it, but neither is it well to exaggerate the evils we are suffering from, to look on the dark side of everything, and unceasingly to complain.

The figures we have given on Prussia and Germany are mostly taken from documents and notes kindly furnished us by Dr. Becker, director of the Bureau of Statistics of the empire of Germany, and Mr. Em. Blenck, private councilor and director of the Bureau of Statistics of Prussia. We beg leave to express our gratitude to them.

III.—EMPIRE OF AUSTRIA.

On the debt of Austria we have obtained the most complete information from our eminent colleague of the Statistical Society, Mr. Neumann-Spallart, aulic councilor, and from Mr. Th. de Inama-Sternegg, the learned president of the Central Commission of Statistics. We owe them the greater part of the information we are about to publish on Austrian finances, and we are profoundly grateful to them for their extreme courtesy and great kindness in facilitating our labors and researches.

On December 31, 1884, the Austrian public debt was thus composed:

	<i>Nominal.</i>	<i>Capitalized at 5 per cent. in Austrian value paper.</i>
General debt and Austrian debt....	3,361,171,851 florins.*	3,290,376,350 florins.
General debt in paper money.....	354,248,072 florins.	354,248,072 florins.
Totals.....	3,715,419,923 florins.	3,644,624,422 florins.

These 3,715,419,923 florins represent in francs, at the rate of 2 francs 50 a florin, a nominal capital of 9,288,549,807 francs 50.

The 3,290,376,350 florins, Austrian bills, are divided into:

1,959,118,870 florins paper.
1,058,577,320 florins silver.
272,680,160 florins gold.

The annual interest on the public debt amounts:

In paper to.....	77,910,719 florins.
In silver to.....	45,171,663 florins.
In gold to.....	13,634,008 florins.

Total.....136,716,390 florins.

To which should be added for various sinking funds, and loss resulting from the depreciation of silver and paper money, about.....16,445,000 florins.

Total.....153,161,390 florins or 382,903,475 francs.

The general debt of the empire of Austria, the special debt of the countries represented in the Reichsrath (Cisleithan-Austria), as well as the general floating debt in paper money, are composed of a great variety of bonds at 3 per cent., 5 per cent., with prizes, etc.; but the principal part is put into the form of funds, paper and silver 5 per cents., gold 4 per cents., and even into the form of gratuitous loans as the debt of the State to the Imperial Austro-Hungarian Bank, amounting to 79,449,000 florins Austrian value.

* 1 florin=100 neu-kreutzers=francs 2.469. 1 neu-kreutzer=francs 0.024.

† Amortization.....11,763,000 florins Austrian value.

Loss on paper money.....	635,000	"	"	"
Interest and amortization of	1,480,000	"	"	"
various debts.	2,567,000	"	"	"

Total....16,445,000 florins Austrian value.

Here in detail is the form in which the securities have been issued :

	<i>Nominal value.</i>	<i>Capitalized at 5 per cent. in Austrian value silver.</i>
In 6 per cents.....	714 florins.	857 florins.
In 5½ "	44,585,075 "	44,585,075 "
In 5 "	2,760,651,707 "	2,760,443,462 "
In 4½ "	54,819 "	49,337 "
In 4 "	380,257,761 "	311,963,811 "
In 3½ "	57,854,815 "	57,806,660 "
In 3 "	2,191,366 "	968,898 "
Below 3 "	109,440 "	34,005 "
	115,466,154 "	114,524,545 "
Totals.....	3,361,171,851 florins.	3,290,376,350 florins.
General debt in paper money without interest.....	354,248,072 "	354,248,072 "
Total.....	3,715,419,923 florins.	3,644,624,422 florins.

Since 1870 the public debt has increased by 708,109,578 florins, nominal value—or 1,770,273,945 francs—or 639,354,879 florins, capitalized at 5 per cent., Austrian paper value.

On December 31, 1884, the general debt and the Austrian debt consolidated and floating had increased by 705,975,025 florins; the general floating paper money debt had increased by 2,134,553 florins.

From 1870 until December 31, 1883, the following were the various fluctuations of the general debt of Austria, of the special debt of the countries represented in the Reichsrath, of the general floating debt, consisting of paper money :

<i>Years.</i>	<i>General Debt</i> <i>(in thousands of florins).</i>	<i>Special debt</i> <i>(in thousands of florins).</i>	<i>Paper money of the State</i> <i>(in thousands of florins.)</i>
1870	2,506,940	146,215	352,113
1871	2,504,339	124,403	373,600
1872	2,504,280	140,596	375,992
1873	2,502,910	172,655	344,033
1874	2,561,096	174,612	345,282
1875	2,591,541	198,150	346,501
1876	2,616,943	220,983	355,444
1877	2,646,029	303,924	345,961
1878	2,643,110	358,480	364,002
1879	2,763,471	392,373	313,031
1880	2,755,828	408,616	327,738
1881	2,769,945	442,285	320,435
1882	2,744,827	482,846	351,494
1883	2,750,927	"	"

The different loans issued by Austria are guaranteed by the general resources of the budget. Two loans, however, have special guarantees :

1. The 5½ per cent. silver loan of 60 million florins, contracted with the Crédit Foncier of Austria, of which 44,585,075 florins still remained to be amortized at the end of 1884, is guaranteed by the real property of the State.

2. The special mortgage bills, issued in 1884, for 57,694,300 florins at $3\frac{1}{2}$ per cent. interest, and for 56,042 florins without interest, are guaranteed by a mortgage upon the salt-works of the State.

All the emissions of funds and loans made by the Austrian Government have generally been by direct sales to institutions of credit and bankers, either at a fixed price or on commission.

The Austrian loans quoted on the Bourse at Paris are the following:

1. Converted debt 5 per cent. 1868 proceeding from the conversion and consolidation of all previous loans, the conditions varying for each loan. Price, 69 to 70 per cent. about. Lowest price of paper bond, 43 per cent. in 1877; lowest price of silver bond, 48 per cent. in 1877. The securities of this debt have been put into two divisions—one, bonds with interest payable in silver, and the other, bonds with interest payable in paper. The interest (silver and paper) is payable at Vienna, and is subject to the retention of the tax of 16 per cent. established by the Austrian law. It is payable at Paris, by Messrs. Rothschild, at the exchange of the day.

2. The 4 per cents. gold, enacted by the law of March 18, 1876. Interest payable at Paris by the Messrs. Rothschild and the Bank of Paris. Price on December 31, 1886, 91 francs 75; lowest price since emission, 52.50 in 1877; highest price, 98 francs 50 in 1886.

3. 5 per cents paper 1881. Price at emission, 92 per cent.; lowest price quoted, 83.90 in 1882; price, 90 per cent.; interest, 5 per cent.; exempt from taxation, coupons payable in Paris at Messrs. Rothschild's and the Bank of Paris.

4. 5 per cent. loan, Austrian prizes; 400,000 bonds of 500 florins, bringing in 25 florins, redeemable at 600 florins, giving the right to 500,000 florins of prizes by drawing, or one million florins a year. Present price, 1,400 francs; lowest price quoted, 675 francs in 1866; highest price, 1,480 francs in 1886. Loan redeemable from 1860 to 1917.

5. Domain bonds 1866. Price of emission, 230 francs; revenue, 15 francs; redemption at 300 francs from 1867 to 1912. Special guarantees, the landed property of the State. Payment of coupons and redemption of expired bonds at the Bank of Paris and of the Netherlands. Price on December 31, 1886, 319 francs 50.

IV.—KINGDOM OF HUNGARY.

The nominal capital of the public debt of Hungary amounted, on Dec. 31, 1884, to 1,271,585,428 florins, or, at the rate of 2 francs 50 to the florin, to 3,178,963,570 francs.

This figure of 1,271,585,428 florins includes a debt of 266,985,409 florins, of which the State has only been the intermediary. This

latter sum, indeed, comprises the municipal landed debt of 202,063,-223 florins. The interest and amortization do not weigh upon the ordinary budget of the State, but are covered by some supplementary direct taxes, particularly by the tax on land and houses.

The annual amount required for the interest and amortization of the public debt makes a total of 82,747,158 florins, or 206,867,895 francs.

This annual debt is thus divided:

Common debt :	
Interest and amortization.....	12,150,692 florins.
Hungarian debt :	
Interest.....	58,723,933 “
Amortization.....	11,872,533 “

These figures include for the indirect debt of the State, that is, for the debt of which it was only the intermediary: for interest 11,292,853 florins; for amortization 8,196,776 florins; for interest and amortization of the common debt (Hungary's contingent) 2,394,859 florins.

Besides, in accordance with article XV. of the law of 1867, the State participates to a certain amount in the common debts of the monarchy.

By virtue of the arrangement made with Austria in 1867, Hungary, although it has not recognized the debts incurred in Austria by the absolute government, has agreed, for political reasons, to pay, for covering the public debts incurred previous to that time, an annual and invariable sum of 29,188,000 florins, and for debts that cannot be converted into public funds 1,150,000 florins, making a total of 30,338,000 florins.

The Hungarian government securities have been issued in paper florins and gold florins.

In 1870 the total of the public debt was 371,809,820 florins; the increase since that time has been 899,775,608 florins, or 2,249,439,-020 francs.

With the exception of the debts, of which the State was only the intermediary, and whose interest and amortization are provided for by the special revenues we have mentioned above, the interest and amortization of the other loans are guaranteed by the entire general revenue of the State.

Hungary has issued loans successively in the form of 6, 5, and 4 per cents. These funds have been disposed of through the great banks and by public subscriptions. A part of the proceeds was applied to the conversion of the stock of the private railways that have become State railways.

From 1881 to 1886, about 240 millions of florins were issued in paper. Two-thirds of the proceeds have been employed in covering the annual deficits and amortization.

The negotiating price of the different issues was as follows:

1881.....	13,000,000 florins at	75.58
"	1,000,000 "	78
"	13,005,500 "	79.80
"	12,972,000 "	80
"	12,000,000 "	84
1882.....	28,000,000 "	83
"	12,524,000 "	85
"	13,000,000 "	85
1883.....	41,760,000 "	86
1884.....	32,216,000 "	87.35
1885	11,763,000 "	87.35
"	32,743,000 "	92.50
1886.....	14,860,000 "	94.50

The Hungarian funds are much distributed in France. The issue of the 6 per cents, later converted into 4 per cents, was made through Messrs. Rothschild Brothers. These bankers pay the interest on the Hungarian debt in France.

According to a communication we owe to the kindness of Dr. Keleti, the learned director of the Royal Hungarian Bureau of Statistics at Buda-Pesth, the Minister of Finance of Hungary has transmitted to Paris for the payment of Hungarian coupons on July 1, 1885 and Jan. 1 1886, 13,348,000 francs, or about 26½ millions a year. Capitalizing the Hungarian rente according to its price of issue, about 5 per cent., it may be approximately estimated that the amount of the Hungarian rente circulating in France varies from 500 to 550 million francs.

The Hungarian loans quoted on the Bourse at Paris are the following:

1. Loan 1881, 4 per cent. gold, of 545 million florins, or 1,362,500,000 francs of nominal capital, authorized by the law XXXII. of 1881, designed for the conversion and redemption of the Hungarian loan 6 per cent. gold of 1875-76-77-78-79 of 400 million florins capital.

Of the total amount of the loan, Messrs. Rothschild Brothers have issued:

160,000,000 florins of capital,	May 19, 1881, at	76.25 per cent.
124,739,600 "	Sept. 24, 1884, at	77.85 "

Admission to quotation, for cash and on account, has been made for:

160,000,000 florins of capital,	June 15, 1881;
385,000,000 "	Dec. 28, 1881.

By law XXXII. of 1881, the Hungarian 4 per cents and their coupons are exempt from all stamp duties and from all taxes present or future, in Hungary. The interest coupons are paid in January and July at Buda-Pesth and Vienna in gold florins; at London, Berlin, Frankfort-on-the-Main; and at Paris by Messrs. Rothschild, with exchange fixed at 2 francs 50 a florin.

2. Loan 5 per cent. 1868, of 60 million florins, or 150 million

francs, authorized by the law of Oct. 18, 1867, for the construction of railroads and canals in the countries depending upon the crown of Hungary.

This loan is composed of 909,380 bonds of 300 francs entirely liberated, issued at 215 francs Jan. 28, 29, 30, 1868, by the Société Générale at Paris.

These bonds are redeemable at 300 francs in 50 years, from July 1, 1868, to Jan. 1, 1918, by semi-annual drawings. They bring in 15 francs net, payable in January and July.

The loan is specially guaranteed by the railroads and canals to be constructed with its proceeds, a first mortgage being inscribed to the profit of the bond-holders.

The price of these bonds on Dec. 31, 1886, was 312 francs, or 12 francs above the price of their redemption. The payment of interest and redemption of bonds are made at London, Frankfort-on-the-Main, Amsterdam, Vienna, Buda-Pesth, and at Paris by the Société Générale.

V.—KINGDOM OF WÜRTEMBERG.

On Dec. 31, 1885, the nominal capital of the public debt amounted to 421,681,282 marks, 56 pfennigs, or about 525 million francs.

The interest on the debt requires annually 17,245,483 marks, or 1 pfennigs, or 21,556,835 francs 75.

The securities have been put forth in bills to bearer, furnished with coupons for 30 half years, and redeemable at par within a fixed period, either by means of annuities, or by resources of the budget, or any other financial measure.

The interest-bearing debt is thus divided :

In 5 per cent. securities.....	452,742 marks 90 pf.
“ 4½ “ “	80,038,257 “ 26 “
“ 4 “ “	323,829,788 “ 80 “
“ 3½ “ “	16,460,493 “ 60 “

The greater part of the public debt of Würtemberg is held in the country itself; a very small portion is found in the rest of Germany; the amount in foreign countries is hardly appreciable.

The honorable Director of Statistics of the kingdom of Würtemberg writes us; that the proper authorities have no knowledge of any Würtemberg government securities being held in France.

From 1869-70 to 1884-85 the public debt increased	472,800,067 marks 72 pf.
And diminished.....	317,639,779 “ 86 “

Or a definitive increase of.....	155,160,287 marks 86 pf.
Or in francs about 194,000,000.	

In these two amounts are included :

3,000,000 florins of Wurtemberg paper money without interest in South German florins.
27,000,000 marks in Treasury bonds discounted at three months.

No special guaranty has been made of the loans; they are all secured by the general resources of the budget.

The variations of the public debt, both increase and decrease, proceed in great part from the conversion of the 5 per cent. debt of 34,695,815 marks, 48 pf., and of the $4\frac{1}{2}$ per cent. debt. of 167,228,190 marks, 93 pfennigs, into a 4 per cent. debt.

The following are the various loans issued since 1870:

438,309,639 marks, 15 pf.,	in securities to bearer, awarded to groups of bankers.
2,347,571 " 42 "	irredeemable loans from different pension funds to the State, which pays them 4 per cent. interest.
5,142,581 " 15 "	paper money of the State.
27,000,000 " "	in treasury bonds discounted.

VI.—KINGDOM OF SAXONY.

On Dec. 31, 1885, the total public debt amounted to 648,316,600 marks, or, at the rate of 1 franc 2.345 to the mark, 800,346,842 francs 70.

For the same year the expenditure on the public debt was 30,960,397 marks, or 38,218,810 francs 09.

The interest on the debt requires.....	26,621,638 marks.
Amortization is included at.....	8,200,679 "
The general charges of administration are....	138,080 "

The funds of the public debt have been issued in $4\frac{3}{4}$, 3 per cents.

The loans contracted at 4 per cent. nominal interest are the following:

The State loan of 1847; the stock debt of the Saxony-Silesia Railroad; the united loans of 1852, 1858, 1859, 1862, 1866, and 1868; the State loans of 1867 and 1869; the State bonds of 1870 issued in place of the old stock of the Albert Railroads; the old stock (B) of the Löbau-Zittan Railroad, recognized as a State debt; the loan of 1870 contracted with the Invalides fund of the Empire; the bonded debt of the old Leipsic-Dresden Railroad Company, of 1860, 1866, 1872.

The loans contracted at $3\frac{1}{2}$ per cent. are the following:

The old stock (A) of the Löbau-Zittan Railroad, recognized as a State debt; the bonded loans of the old Leipsic-Dresden Company, of 1839-1841.

The loans issued at 3 per cent. are:

The tax debt of 1830; the State debt of 1855; the funded loan of 1876 and 1878.

Dr. Bömert, the eminent statistical director of the Ministry of the Interior of the Kingdom of Saxony, writes us, that it is impossible to say who are the holders of the Saxon government securities, whether they belong to natives, foreigners, or citizens of France.

The debt of Saxony amounted to 333,545,305 marks in 1870; at the end of 1885 it had attained 648,316,600 marks, or an increase of 314,771,299 marks, or 388,585,168 francs 61.

All the loans are guaranteed by the total revenue and fortune of the State. Those contracted since 1870 are as follows:

In 1871—Stock debt of the Lobau-Zittan Railroad..	7,500,000 marks.
Bond debt Leipsic-Dresden	38,951,850 “

These two loans were made by transforming the said stocks and bonds into government securities:

In 1874—Loan contracted with the Invalides fund of the Empire...	24,000,000 marks.
In 1875—Loan in government securities.....	245,000,000 “
In 1878— “ “ “	114,880,000 “

To complete the foregoing information, it may be of interest to give some account of the incomes of the kingdom, as estimated by the Royal Bureau of Statistics.

At the three different periods, 1878, 1882, 1884, the distribution of incomes was thus classified:

<i>Category of Incomes.</i>	<i>1878. Millions of marks.</i>	<i>1882. Millions of marks.</i>	<i>1884. Millions of marks.</i>
Landed property.....	214	229	233
Securities.....	109	129	142
Salaries.....	334	422	405
Commerce and industry.....	357	371	395
Total of gross income.....	1,014	1,151	1,235
Debts to be deducted.....	87	93	95
Total of net income.....	927	1,058	1,140
Number of taxpayers.....	1,010,959	1,162,694	1,213,188
Amount of average income per head	917 marks.	910 marks.	940 marks.

Comparing the individual incomes according to their importance in 1878 and 1884, the following proportions are found:

Incomes up to 800 marks: 76.39 per cent. of the total number (not including moral persons) in 1878, and 74.96 per cent. in 1884.

Incomes of 801 to 3,600 marks: 20.94 per cent. and 22.16 per cent.

“	3,600 to 9,600	“	2.22	“	“	2.32	“
“	over 9,600	“	0.45	“	“	0.56	“

VII.—STATE AND FREE CITY OF HAMBURG.

We have received from Dr. Koch, director of the Bureau of Statistics of the tax commission of the city of Hamburg, the following information on the debt of the country.

The nominal capital of the public debt amounted, Dec. 31, 1883 to 144,247,782 marks, or 178,072,886 francs 87.

Account must also be taken of a temporary loan at 4 per cent of 5,500,000 marks, and of the State loan of the Fire Relief Fund contracted in 1842, for which there is a special guaranty, and whose accounts are kept apart.

A considerable portion of the Hamburg State loans has been devoted to works of construction (creation or enlargement of docks, gas-works, cattle-market, warehouses, etc.).

The public debt requires every year for interest:

	5,221,146 marks, or 6,445,504 francs.
Sinking fund.....	<u>1,831,405</u> " <u>2,260,869</u> "
Total.....	7,052,551 " 8,706,373 "

Securities have been issued in $4\frac{1}{2}$, 4, and $3\frac{1}{2}$ per cents.

Since 1870 the increase of the public debt has been about 20 million marks, or 24,690,000 francs.

Some months ago, the State and free city of Hamburg opened, Aug. 7, the offer of a loan of 40 million marks (50 million francs) designed for the redemption of a 4 per cent. loan 1875 of 18½ million marks and for public expenses (21½ million marks). Four leading financial syndicates, all German, competed on this occasion; the highest bid was made by the syndicate of the Bank of North Germany, a financial institution of Hamburg, in conjunction with the houses of Rothschild of Frankfort and Bleichröder of Berlin.

The loan was awarded, in the form of 3 per cent. securities, to a German syndicate represented by the Bank of Commerce and Discount of Hamburg.

The holders of the Hamburg 4 per cents of 1875 will be allowed to exchange their securities for the new 3 per cents under conditions to be duly published. The term fixed for this conversion was March 1, 1887.

VIII.—BAVARIA.

On April 1, 1886, the public debt amounted to 1,344,658,766 marks, or 1,790,823,450 francs, and required an annual interest of 48,919,418 marks, or 61,168,010 francs.

The public debt was thus divided:

General debt.....	230,894,476 marks.
Railroad debt.....	953,460,400 "
Redemption of landed securities.....	<u>160,303,890</u> "
Total.....	1,344,658,766 "

The railway loans are guaranteed chiefly by mortgage upon the railways belonging to the State, but they are included in the accounts of the general budget.

IX.—BADEN.

December 31, 1885, the debt was thus composed:

General debt to different funds of the State....	37,143,102 marks
" " individuals.....	<u>5,646,917</u> "
Total.....	42,790,019 "
of which 25,134,800 marks without interest.	

The railway debt, assets deducted, is 331,724,485 marks. The total debt is 374,514,504 marks, or 469,843,130 francs.

X.—VARIOUS GERMAN STATES.

At the date of January 1, 1886, the total debt of eighteen German States was as follows. This debt amounted to 268,219,538 francs, and was thus distributed:

	<i>Francs.</i>
Alsace-Lorraine.....	23,610,499
Bremen (45,362,500 marks).....	56,703,125
Brunswick (29,855,031 m.).....	37,318,788
Grand Duchy of Hesse (28,418,030 m.).....	35,522,537
Lippe (972,907 m.).....	1,216,133
Lubeck (15,473,920 m.).....	19,342,400
Mecklenburg (17,385,400 m.).....	21,731,750
Oldenburg (37,660,623 m.).....	47,075,778
Reuss (1,937,191 m.).....	2,421,488
Saxe-Altenburg (5,709,710 m.).....	7,131,187
Saxe-Coburg (1,365,988 m.).....	1,707,485
Saxe-Meiningen (2,091,940 m.).....	2,614,925
Saxe-Weimar.....	—
Schaumburg-Lippe (600,000 m.).....	750,000
Schwarzburg-Rudolstadt (2,582,808 m.).....	3,228,500
Schwarzburg-Sondershausen (3,924,855 m.).....	4,906,068
Waldeck (2,351,100 m.).....	2,938,875
Total.....	268,219,538

XI.—ITALY.

On the Bourse, May 31, 1886, the Italian rente reached and passed the price of 100 francs. In the course of this same year the highest price attained was 102 francs 50; Dec. 31, 1886, the last price was 101 francs 95. The year 1886 will be remarkable in the financial annals of Italy. It shows the progress made by the credit of this young kingdom, which France helped to found, and which she has always sustained with her political influence, the blood of her children, and her capital.

Within the past fifteen years Italy has made considerable economic progress. Her credit is closely connected with the abolition of the forced currency, inaugurated in 1866 by Mr. Scialoja. Since 1881 the forced currency no longer exists. The resumption of specie payments has taken place: the Italian budgets, which showed a deficit of 446 millions in 1862, have now for some years shown a surplus. Heavy taxes have been abolished or reduced; useful works have been completed. The Minister of Finance, who contributed in great part to effect these happy changes, may now look back upon the past and recall all the vicissitudes of the Italian finances since the foundation of this young kingdom. Italy has emerged from what we call the "era of deficits," and is now in the full tide of prosperity.

The Italian 5 per cent. rente, reduced to 4.34 per cent. by the tax

of 13.20 per cent. on personal property in Italy, is composed of three loans: the first with the nominal capital of 714 millions was issued in France by Messrs. Rothschild Brothers, in July, 1861, at 70 francs 50.

The second, with the nominal capital of 700 millions, was also issued in France by Messrs. Rothschild Brothers, in March, 1873, at 71 francs.

The third, with the nominal capital of 729,745,000 lire, authorized by the law of April 7, 1881, for the abolition of the forced currency, was issued in London by Messrs. Baring Brothers and C. I Hambro, to the amount of 365 million lire in July, 1881, at 90 per cent. and the surplus of 364,745,000 lire in May, 1882, at 88 per cent.

The nominal capital of the public debt of Italy amounted:

On December 31, 1884, to lire.....	9,938,062,224	11
On December 31, 1885, "	9,992,581,218	15

To the above debts must be added those directly administered by the general management of the Treasury, and which are the following:

1. Perpetual debts:

Perpetual debt, 5 per cent., in the name of the religious bodies of Sicily.
 Perpetual debt, 5 per cent., in the name of the communes of Sicily.
 3 per cent. rente assigned to the legal creditors of the Neapolitan provinces.

2. Redeemable debts:

English loan 3 per cent. of March 8, 1885.
 Loan contracted in 1886 by the ex-Duke of Lucca, 4 per cent.
 Annuity, 3 per cent., due the Company of South Austrian Railroads.

The nominal capital of these debts was:

On December 31, 1884, lire.....	1,147,161,295	22
On December 31, 1885, "	1,139,349,620	97

The total public debt of the kingdom of Italy, therefore, amounted in nominal capital:

On December 31, 1884, lire.....	11,085,223,519	33
On December 31, 1885, "	11,131,930,849	12

The interest required annually for the public debt amounts to lire, 532,753,685 31.

The details are:

1. Interest on consolidated and perpetual debts, lire.....	441,517,531	50
2. Interest on redeemable debts, lire.....	64,380,674	98
3. Sinking fund of redeemable debts, lire.....	26,855,478	83
Total	532,753,685	31

It should be remarked that the amounts devoted to the redeemable debts diminish from year to year, owing to the gradual extinction of the debts themselves.

The different loans have been contracted in 5 and 3 per cent. rentes.

On January 1, 1886, the Italian Consolidated 5 and 3 per cent. rentes were divided into the following categories:

	5 per Cents. <i>Lire.</i>		3 per Cents. <i>Lire.</i>
Rentes in names.....	206,665,110 00	..	4,529,613 00
“ to bearer.....	232,917,285 00	..	1,858,026 00
“ mixed.....	1,834,040 00	..	15,984 00
Provisional securities in names..	59,949 70	..	1,454 24
“ to bearer..	2,594 70	..	120 21
Totals.....	441,478,979 40	..	6,405,197 45

The nominal capital of the public debt amounted:

On December 31, 1870, to lire.....	7,999,322,777 56
On December 31, 1885, “	11,131,930,849 12

From 1870 to 1885 the increase of the debt was, consequently, 3,132,608,071 lire 56.

The expenditures on the public debt have been met by the ordinary resources of the budget. At present, no debt has a mortgage or guaranty upon a special chapter of the budget of revenue or otherwise.

The different loans in rentes have been contracted by public subscriptions or by sales, at a fixed price or on commission, to banks or institutions of credit both in the kingdom and in foreign countries.

During the financial year, from July 1, 1884, to June 30, 1885, there was paid net, in rentes:

In foreign countries, lire.....	103,611,752 98
In Italy, lire.....	379,505,214 91
Total lire.....	483,116,967 89

To this official information, which we owe to the great kindness of Mr. Novelli, director-general of the Treasury of Italy, and Mr. Luigi Bodio, director-general of statistics of the kingdom, we shall add a statement of the highest and lowest prices quoted at Paris of the Italian rente since 1861.

From 1861 to 1869 inclusive, the lowest price quoted was 35 francs 90, in 1866, at the time of the Austro-Prussian war. During this same period, the highest price was 76 francs in 1862.

In 1867, during the year following the annexation of Venetia to Italy, the highest quotation of the Italian 5 per cent. was 56 francs 80, and the lowest 43 francs 20. Before the war of 1870 it rose to 60 francs 90, gaining with difficulty 4 francs in 4 years: during this same year of 1870, it fell to 42 francs 50.

In 1872, when Italy was in possession of Rome, the Italian rose to 71 francs 05. This price was soon lost; we do not find it quoted again until 1875. Since then the advance has been almost continual. In 1881 there was a quotation of 89 francs 20. In the month of April, 1881, the Italian reached 91 francs 90. The incidents in connection with Tunisian affairs made it fall to 88 francs

40. In 1882 the price of 85 francs was touched; since that time the advance movement has been more strongly marked from year to year.

Thus: from 1870 to 1880, the lowest price quoted was 42 francs 50 in 1870 and the highest 89 francs 20 in 1880.

From 1881 to 1886 the lowest price was 85 francs in 1882; the highest prices were reached in 1886.

We may remark, in conclusion, that the Italian 5 per cent. rente, which was issued in France and foreign countries, and which was in the beginning almost entirely in the hands of French capitalists, now belongs for the most part to Italian holders.

Of 483,116,967 francs 89 of rentes paid from July 1, 1884 to June 30, 1885, 379,503,214 francs 91 were paid in Italy, and 103,611,752 francs 98 abroad.

The payments of the Italian rente, on the coupons of the first half year of 1886 becoming due, amounted to 62,696,048 francs 90: of which 51,616,049 francs 30 were at Paris, 7,951,797 francs 98 at London, and 3,126,241 francs 62, at Berlin.

In Basel, Zurich, and Breslau 79,174 27 were also paid, so that the total amount paid on the Italian rente in foreign countries was 62,775,223 francs 19.

In the second half of 1885 these payments were only 59,821,812 francs 93; thus, during a period of six months, there had been a change in the Italian rente of 2,953,410 francs 36.

The diminution in the amount of the rente in Berlin should be noted. While, on Dec. 31, 1885 there was paid on this market for the rente due 6,400,119 francs 58, on June 30, 1886, these payments were only 3,138,241 francs 62.

The same phenomenon was seen in Basel, Zurich, and Breslau, where the payments of 140,099 francs 29 dropped to 79,174 francs 28.

At Paris and London, on the contrary, there was an increase shown.

The market of Paris, which, at the end of 1885, possessed securities giving an interest of 46,380,290 francs 91, had them June 30, 1886 representing 51,616,049 francs 39; and London from 6,400,119 francs 58 on Dec. 31, 1885 held them at the end of June, 1886 for 7,951,757 francs 90.

According to the amount of the Italian rente entered upon the Great Book, it follows from the data above given, that about 28 per cent. of this rente is held in foreign countries, or a little more than a third of the total rente.

This fact is of great importance; it proves that the savings of the country have considerably increased, and that Italy, which was but lately borrowing abroad at the rate of $5\frac{1}{2}$ and 5 per cent., is now tending to dispose of its government securities at home.

ON THE DISTRIBUTION OF THE ITALIAN RENTES IN ITALY AND ABROAD.

To ascertain approximately in what proportions the public debts of the State, and especially the Consolidated 5 per cents, are distributed in the interior of the kingdom and abroad, taking as a base the accounts of the decade 1875-1884, reference must be made to the following Synoptical Table, which we owe to the kindness of Mr. Perozzo, general secretary of the Ministry of Finance of Italy. In this important work will be found:

Years.	Payments on the Public Debts.			Payments on the Consolidated 5 per cents.		
	Abroad. Lire.	In the kingdom. Lire.	Total. Lire.	Abroad. Lire.	In the kingdom. Lire.	Total. Lire.
1875....	84,544,677	16	351,765,825	73	436,310,502	89
1876....	81,618,730	06	358,443,519	26	440,062,209	32
1877....	89,155,334	64	375,746,337	07	464,901,671	71
1878....	91,710,380	94	358,860,011	65	450,570,492	59
1879....	58,920,183	06	318,670,444	93	377,590,627	99
1880....	116,728,622	46	391,949,166	81	508,677,789	27
1881....	87,941,410	42	338,666,516	90	426,547,927	32
1882....	116,779,176	52	324,240,556	66	441,019,733	18
1883....	103,783,932	79	314,286,094	10	418,070,026	89
1884....	81,092,033	34	333,657,818	90	414,779,852	24
	912,274,531	39	3,466,256,392	01	4,378,530,923	40
				91	2,716,670,593	84
					3,364,171,183	75

1. All the payments on account of the public debt made either in Italy itself or in foreign countries.

2. The payments on the Consolidated 5 per cent. alone distinguishing them as above.

However, as the cashier of the public debt does not enter on his books the payments made by others, for his account, until the administration has finished their verification and recognized their regularity, it follows, that the payments, figuring year by year in the table in question, are not those really made each year, in Italy or abroad, but those which have been reviewed, approved of, and refunded each year.

Thus, for example, in the payments of 1875 are included those made during the last months of 1874 and repaid at the beginning of the following year; but, on the other hand, do not appear the payments made toward the end of the year, which, in their turn, are counted in the year 1876.

Nevertheless, the figures given from year to year represent, most of the time, the payments of 12 months, and may consequently serve to give an idea of the amount of the payments made annually abroad and within the kingdom. A single exception should be made for 1879, a year in which the repayment of the different agents was somewhat delayed in consequence of the removal to Rome of the general direction of the public debt. And, as these same repayments were entered upon the year 1880, the figures of this year are necessarily higher than the real average, independently of the influence which the movement of the year 1880 in the Consolidated 5 per cent. rente may have exercised.

This granted, it may be concluded, from the examination of the figures just presented, that, allowing for the continued augmentation of the debt, there have been no notable balances carried from one year to another, except for the years 1882, 1883, and 1884, to which we shall hereafter revert.

It is well to consider first, at least so far as concerns the Consolidated 5 per cent. in what proportion payments were made abroad in 1875 compared with preceding years.

In this connection, the report of the Director General to the Commission of Superintendence for 1875 contains, on page 77, a table, in which, examining only the 5 per cent. rente to bearer, the comparison may be established between the amount of the coupons to be paid and the amount of those paid abroad.

It may be useful to reproduce it, repeating the observation already made, that since 1871 the payments abroad have constantly diminished in consequence of the difficulties opposed by the government to the speculation, which was carried on by buying up the coupons in Italy to realize on them abroad in metallic money.

The table in question is as follows :

<i>Years.</i>	<i>Net amount of coupons due.</i>		<i>Net amount of coupons paid abroad.</i>		<i>Ratio between the 1st and 2d column.</i>
1871 ..	145,945,353	27 ..	58,346,183	44 ..	39.98 per cent.
1872 ..	154,031,569	30 ..	52,073,892	39 ..	33.81 "
1873 ..	151,219,422	90 ..	53,342,116	42 ..	35.27 "
1874 ..	152,107,688	53 ..	45,614,228	66 ..	29.99 "
1875 ..	152,149,185	53 ..	50,601,389	71 ..	33.26 "

In 1874 the formality of the *affidavit* was adopted, and the payments abroad suffered another notable diminution, so that, admitting the speculation in gold payments almost entirely ceased from this moment, the amount of rente really held by foreigners can only be established from the figures of 1874 and the following years.

If an increase is noted from 1875, it must be attributed to the increase of the circulation itself, resulting from the conversion into consolidated 5 per cent. rente (in accordance with the law of July 2, 1870, No. 2,570) of the ordinary Roman Railway obligations, of which a large part was sold outside of the kingdom, as well as from the convention of Basel of Nov. 17, 1875.

And now let us return to the examination of the last figures of the synoptical table, keeping in mind the reservation above made.

In May, 1879, the government suppressed the formality of the *affidavit* for the securities of £2.50, 5, 12.50, 25, and 50; finally, on July 1, 1881, this measure of precaution was completely abandoned, in consequence of the effects of the law of April 7, 1881, No 133 (3d series), which had abolished the forced currency. Nevertheless, the year 1881 offered no notable difference.

In 1882, on the contrary, the payments abroad on the Consolidated 5 per cent. showed a considerable increase, doubtless because a large part of the loan for the abolition of the forced currency had been disposed of outside of the kingdom. In 1883 and 1884, the payments in general, and those on the Consolidated 5 per cent. in particular, diminished again, which may be either because the return of the metallic circulation in Italy had entirely stopped the speculation of exporting securities outside of the kingdom, or because the 5 per cent. rente sold abroad returned from hand to hand into Italy in consequence of the dispositions facilitating its circulation in the different European markets.

XII.—KINGDOM OF SWEDEN.

The nominal capital of the public debt of Sweden amounted on December 31, 1885, to 247,069,595 crowns (1 crown=1 franc 39), or to 345,650,363 francs 40.

The expenses of the public debt in 1885 were :

For interest.....	9,636,784	crowns.
“ sinking fund.....	2,202,774	“
Total	11,839,558	crowns, or, 16,455,985 francs 62.

Securities have been issued as follows :

In 5 per cents.....	12,966,700	crowns.
In 4½ “	71,550,224	“
In 4 “	162,552,671	“
Total.....	247,069,595	crowns.

The 5 per cent. loan was redeemed April 1, 1886.

From an approximate estimate of the Hon. Mr. Elis Sidenbladle, director-general of statistics of the kingdom of Sweden, it may be considered that the entire Swedish public debt belongs :

To natives to the amount of.....	200	million crowns.
To foreigners not Frenchmen.....	20	“ “
To Frenchmen.....	28	“ “

The increase of the public debt of 1870 has been 130,393,768 crowns, or 181,247,337 francs 52.

The public loans have no other special guaranty than that of the State.

Of all the loans made before 1870, there remains but one, issued in 1860, which was reduced at the end of 1885 to 1,733,333½ crowns.

The details of all the public loans issued by the Swedish government since 1870, will be found following.

It should be remarked, that all these emissions were made either for constructing railroads, or for refunding old loans at a lower rate of interest. Thus quite recently the government issued a 3½ per cent. loan. The demands of foreign bankers were considerable, and exceeded all expectation.

The table of public loans contracted by the State of Sweden, since 1870, is as follows :

PUBLIC LOANS CONTRACTED BY THE STATE OF SWEDEN SINCE 1870.

	Rate per cent.	Original amount of all the obligations.	No. and value of respective obligations.	Various Remarks.
Loan of 1870 (30/9) Obligations delivered in Swedish money.	5	Kronor. 40,000,000	Series. A. 5,500 of 5,000 B. 11,900 " 1,000 C. 6,000 " 100	Amortization is by purchase of the obligations if their price is below par, if not, by drawing. The obligations issued amount to only 16,170,000 crowns. The loan is announced to be redeemed April 1, 1886.
Loan of 1872 (30/3) Obligations delivered in Swedish money.	4	Kronor. 24,000,000	Series. A. 3,000 " 5,000 B. 8,400 " 1,000 C. 6,000 " 100	Amortization is operated after a fixed plan, but the office of the public debt has reserved the right of calling by drawing, after March 30, 1882, a larger part of the obligations than the original plan allows.
Loan of 1875 (2/8) Obligations delivered in German imperial marks and Swedish kronor, at the rate of 8/9 kr. per mark.	4½	Imperial marks. 56,250,000	Series. A. 7,000 " 3,000 B. 13,000 " 1,500 C. 16,000 " 600 D. 20,500 " 300	The entire loan was made in three issues, of which the 1st, 20,250,000 m., was contracted with Messrs. Erlanger & Son, the Austrian German Bank, the Anglo-Austrian, and the bankers Haller, Johle & Co.; the 2d, 13,000,000 m., with Messrs. Erlanger & Son and the Anglo-Austrian Bank; and the 3d, 18,000,000 m., with Messrs. Erlanger & Son. Of this last issue, obligations for 3,236,700 m. were delivered at the end of 1884. Amortization is by drawing.
Loan of 1876 (15/6) Obligations delivered in pounds sterling.	4½	Pounds sterling. 2,000,000	Series. A. 500 " 1,000 B. 1,000 " 500 C. 10,000 " 100	Of the total amount of bonds sold, £2,000,000, Messrs. C. J. Hambro & Son (London) have taken ¾, or £1,500,000. Amortization is operated on a fixed plan by purchase of bonds if their price is below the nominal capital, but if not, by drawing.
Loan of 1878 (15/6) Obligations delivered in pounds sterling and in francs at the rate of 25 fr. 10=£1.	4	Pounds sterling. 1,500,000 or francs, 37,750,000	Series. A. 375 " 1,000 B. 750 " 500 C. 5,500 " 100 D. 2,000 " 50 E. 5,000 " 20	In 1878, Messrs. Hambro & Son and the Society of Deposits and Current Accounts of Paris each took ½ of the loan, or together, £1,000,000. During 1879-1883, the rest was sold. Amortization is by purchase of obligations if their price is below par, but if not, by drawing.
Loan of 1879 (1/11) Obligations delivered in Swedish money.	4½	Kronor. 9,000,000	Series. A. 120 " 25,000 B. 210 " 10,000 C. 480 " 5,000 D. 1,500 " 1,000	Temporary loan which was redeemed in 1883.
Loan of 1880 (¼) Obligations delivered in pounds ster- ling, kronor, francs, and imperial marks at the rate of 1,815kr.=£100 =2,520 fr.= 2,040 marks.	4	Pounds sterling. 6,000,000	Series. A. 900 " 1,000 B. 2,400 " 500 C. 29,000 " 100 D. 80,000 " 20	Of this loan three issues were made, each of £2,000,000. Amortization is by drawing. The loan has been taken by an association of English, French, and German banks, as well as by two Swedish banks.

The Swedish loans quoted on the Bourse of Paris are the following:

1. 4 per cent. loan of 1878. The amount of this loan is £1,500,000. The Swedish government has reserved the disposition of £500,000 of this loan. The £1,000,000 remaining have been conceded to Messrs. Hambro & Son, of London, and to the Society of Deposits and Current Accounts of Paris.

The issue was made in London and Paris, June 12-14, 1878, at the price of 88 per cent. (or 441 francs 76 for 502 francs of capital, with exchange at 25 francs 10). On December 31, 1886, this loan was quoted at 104 per cent. The securities were admitted to quotation, August 27, 1878. The interest coupons are payable in London by Messrs. Hambro & Son; in Paris by the Society of Deposits and Current Accounts.

2. 4 per cent. loan of 1880, divided into three series or three issues of 55,440,000 francs each.

The first issue was June 3, 1880, at 492.65.

The second issue was May 24, 1881, at 497.25.

The third issue was June 4, 1883, at 497.75.

Payments on the securities are made at Paris by the Bank of Paris and of the Netherlands. These obligations, admitted to quotation April 16, 1880, July 1, 1881, July 23, 1883, and July 30, 1885, were negotiated at 530 francs about the end of December, 1886.

XIII.—KINGDOM OF NORWAY.

On the public debt of this country we have the following information, which we owe in great part to the kindness of Mr. A. N. Kiaër, director of the Central Bureau of Statistics of the kingdom of Norway, at Christiania.

On June 30, 1885, the public debt amounted to 108,638,845 crowns (1 crown=1 franc 39), or, 151,007,994.55 francs.

The securities were issued in the following forms:

In 5 per cents.....	172,000 crowns.
In 4½ per cents.....	54,941,012 "
In 4¼ per cents.....	7,000 "
In 4 per cents.....	52,773,683 "
In 3¾ per cents.....	435,686 "
In 3½ per cents.....	323,998 "
In 3 per cents.....	140,266 "

The Norwegian loans quoted on the Bourse of Paris are the following:

1. 4½ per cent. loan of 1876, of £1,320,000, conceded to Messrs. Hambro & Son, of London, and issued by them in 1876, at 96½ per cent.

This loan is redeemable from May 1, 1878, to November 1, 1916, either by purchases in the market if the price is below par, or by half-yearly drawings if the price is at par or above.

The government has reserved the right, at the expiration of ten years from January 1, 1877, of redeeming, either by purchase or by drawings, the whole or a part of the capital, which should still remain in circulation.

The securities of this loan, admitted to quotation May 28, 1879, are negotiated at from 107 to 108 per cent.

2. $4\frac{1}{2}$ per cent. loan, 1878, of £1,700,000, conceded to Messrs. Hambro & Son, issued in April, 1878, at 95 per cent., redeemable in fifty-two years, either by purchase on the Bourse or by half-yearly drawings. The government has reserved the right of redeeming this loan from January 1, 1889.

The loan, admitted to quotation March 12, 1879, sells for about 108 per cent.

3. 4 per cent. loan of 1880, of £1,156,000, conceded to Messrs. Hambro & Son and to the Comptoir d'Escompte of Paris. Issued April 12, 13, 14, 1884, at 492 francs 65 for bonds of 504 francs.

This loan is redeemable in fifty-two years; the government has reserved the right, from January 1, 1891, of redeeming the whole of this loan.

It has been quoted since June 7, 1880; the bonds of this loan are worth about 530 francs.

Using the right it had reserved, the Norwegian government has called for redemption the $4\frac{1}{2}$ per cent. loan of 1876, in order to refund it at $3\frac{1}{2}$ per cent. The Norwegian government has awarded to the house of Hambro & Son, of London, which had competed with several banking houses of Hamburg, Berlin, and Copenhagen, the issue of the loan of conversion of twenty-four million crowns (33,360,000 francs), intended for the redemption of the English $4\frac{1}{2}$ per cent. loan of £1,320,000, created in 1876.

This loan was issued in the form of a $3\frac{1}{2}$ per cent. security. A subscription was opened for it at Paris by Messrs. Hoskier & Co., but the public, insufficiently informed on the finances of Norway, and knowing only imperfectly the houses in charge of the loan, received the issue coldly.

It is probable that, ultimately, the Norwegian government will undertake the conversion of its loan of 1878.

XIV.—KINGDOM OF DENMARK.

From the information we owe to the kindness of Mr. Marius Gad, chief of the Bureau of Statistics of the kingdom of Denmark,

the nominal capital of the Danish public debt amounted, on December 31, 1885, to 197,710,000 crowns, and on March 31, 1886, according to an official statement recently published, to 194,395,436 crowns, of which 180,929,770 crowns were issued in the country. A crown being worth 1 franc 39, the debt represents, according to the figures of December 31, 1885, the sum of 274,816,000 francs. Interest and sinking fund require annually 8,955,063 crowns, or 12,445,537 francs 57, divided as follows:

For interest.....	7,458,295	crowns.
“ sinking fund.....	1,496,768	“
Total.....	8,955,063	crowns.

The securities were issued in the following forms:

5 per cents.....	1,624,000	crowns.
4½ per cents.....	12,700	“
4 per cents.....	192,972,500	“
3¾ per cents.....	52,000	“
3½ per cents.....	637,600	“
3 per cents.....	496,700	“
In bonds (Danish Antilles).....	512,000	“
Life annuities, nominal capital, without interest...	1,412,300	“

Several loans have been effected abroad, in the markets of London, Amsterdam, and Antwerp, but the greater portion has been realized in the country itself. The approximate amount of securities held at home and abroad cannot be fixed.

The public debt amounted in 1870 to 233,252,000 crowns; since that time it has diminished by 35,542,000 crowns, or 49,403,380 francs.

On March 31, 1885, the Danish public debt comprised 38,628,000 crowns, redeemable in twenty years at 4 per cent.

This part of the debt has been employed by the State in paying for the stock of the railroads of Seeland purchased by the State in 1880.

The situation of the treasury has, consequently, really improved from 1870 to 1885, not by 35,542,000 crowns, but by 74,170,000 crowns. All the loans put forth by Denmark have received no special guaranty; they are guaranteed by the total resources of the budget of the country. The financial condition of Denmark is excellent; it is well to note, however, that if, for a number of years, the budget showed a surplus, that of 1887, on the contrary, presented a deficit of 9,000,000 crowns; the revenue is estimated at 53,000,000 crowns, and the expenditure at 62,000,000. This is the cause:

The extraordinary budget of 1887 exceeds 13,000,000 crowns, while for the current year it was put at only 4,700,000. Among the extraordinary expenditures figure 6,000,000 for fortifications, arms, muni-

tions, etc.; 3,500,000 for the navy; 4,000,000 for different public works, etc. The government proposes to meet the deficit foreseen by means of the surplus which previous years have left at its disposition.

There is no Danish loan quoted on the Bourse of Paris.

The 4 per cent. loan is quoted in Copenhagen at about 103 per cent.

All the Danish 4 per cent. debt will soon be refunded at $3\frac{1}{2}$ per cent.

According to a bill recently presented to the Folketing, all the 4 per cent. securities must be redeemed March 11, 1887.

The holders of the old obligations will receive $3\frac{1}{2}$ per cent. securities at the price of $98\frac{1}{2}$, as well as an allowance of $1\frac{3}{4}$ per cent.

The conversion will be announced two months in advance. The bill relating to the conversion of the debt has been referred to a commission of eleven members. If this bill is duly ratified, which does not seem doubtful, the holders of securities will have to choose, March 11, 1887, between the redemption in specie of their securities and the exchange of them for new obligations.

XV.—KINGDOM OF THE NETHERLANDS.

On December 31, 1885, the public debt of the State amounted to 1,076,230,576 Dutch florins, or to 2,260,084,209 francs 60.

The annual interest required for the debt amounts to 33,136,172 florins, or 69,586,961 francs 20.

The public debt is composed of the following kinds of securities:

<i>Kinds of Debt.</i>	<i>Nominal Capital. Florins.</i>	<i>Interest. Florins.</i>
Great Book $2\frac{1}{2}$ per cent.....	630,593,500 ..	15,764,837
“ 3 per cent.....	94,655,600 ..	2,839,668
Syndicate of amortization, $3\frac{1}{2}$	9,732,000 ..	332,745
Great Book 4 per cent.....	197,128,100 ..	7,885,124
Obligations 4 per cent., 1878.....	19,085,300 ..	758,372
“ 4 per cent., 1883.....	59,813,100 ..	2,392,524
“ 4 per cent., 1884.....	59,700,000 ..	2,388,000
Canal Co. Amsterdam 4 per cent.....	5,519,000 ..	220,760
Floating Debt.....	— ..	500,000
Rentes of payments by officials, 4 and 3 per cent.....	— ..	172
Life annuities (law of 1814).....	— ..	750
Loans for roads at 3 per cent.....	3,976 ..	119
Rents and charges on the domain.....	— ..	38,000
On deposits.....	— ..	15,000
Total.....	—	33,136,071

These 33,136,071 florins include 600,000 florins of securities as a guaranty fund of the 15,000,000 florins of monetary notes, entered in the Great Book at $2\frac{1}{2}$ and 3 per cent.

The greater part of the Dutch public debt belongs to natives, although quite a number of securities are found in England, Belgium, France, and Germany. There is no precise information as to the amount held in France. The loan of April, 1883, was partly subscribed for in Germany, but this fact does not prove that the securities have remained in that country.

From January 1, 1850, to July 1, 1884, the public debt has diminished in capital, 217,149,239 florins, or 456,013,401 francs 90, and in interest, 5,818,037 florins, or 12,217,877 francs 70.

Since July 1, 1884, at which date end the official documents published in the *Statistical Annual* of the kingdom of Holland, a loan of 60 million florins has been concluded. The exact diminution of the debt, on Dec. 31, 1885, was consequently 157,149,239 florins, or 330,013,401 francs 90.

Since 1870 Holland has issued three loans: in 1878, 1883, 1884. All three have been contracted in 4 per cent. securities.

The first two were issued by public subscription a little below par. These two loans were covered several times over.

The loan of 1884 was sold at a fixed price to banking houses of Amsterdam at 100.50. It was afterwards disposed of by the bankers in German markets.

The Dutch loans, quoted on the Bourse of Paris, are:

The 2½ per cent. rente	The 4 per cent. loan, 1878
The 3 per cent loan, 1844	The 4 per cent. loan, 1883

1. 2½ per cent. rente. This rente is represented by inscriptions by name upon the Great Book of the public debt. The government delivers no titles to holder; but it has granted to different societies the right of issuing, on justification of the inscriptions by name, certificates to the holder, countersigned by the management of the Great Book of the public debt, and which may still be converted in names.

Thus there are Dutch certificates, because they have been issued by Dutch bankers, and French certificates issued by several French bankers, notably, Messrs. Mallet Brothers and d'Eichtal in 1834; Bischofsheim, Goldschmidt & Co. in 1850.

The coupons are payable at the Society of Deposits and Accounts Current.

This rente sells for about 75 per cent.

2. 3 per cent. loan, 1844. This loan is of 129,000,000 of Dutch florins. It was issued in 1844. It is not redeemable: the government makes redemptions, when the surplus of the budget allows of so doing.

The coupons are payable at Amsterdam, with a deduction of 1 per cent. for costs of administration, and in Paris at the price of

the day. It was admitted to quotation May 17, 1879, but is rarely negotiated. The principal market for it is at Brussels, where it is worth about 90 per cent.

3. 4 per cent. loans of 1878 and 1883. The loan of 1878 is of 43,000,000 florins; that of 1883, of 60,900,000 florins. Both were issued by the bank of Paris and of the Netherlands.

The loan of 1878 was issued at $98\frac{3}{8}$ in June, 1878.

The loan of 1883 was issued at $98\frac{3}{4}$, April 16, 1883.

The first has been quoted since May 17, 1879; the second since March 3, 1884. Their price is about 101 per cent.

The financial condition of Holland is excellent, though the country has had to suffer, like all Europe, from a falling-off in several branches of commerce and industry, and from an augmentation of military expenditures. For the budget of 1887, the ordinary expenditures are estimated at 115,743,490 florins, and the revenues at 115,077,225 florins.

The difference between the revenue and ordinary expenditures being 666,265 florins, some economy suffices to make them balance.

The extraordinary expenditures are estimated at 17,685,780 florins and the revenue at 1,220,000 florins. The liquidation of these entirely exceptional liabilities will be effected by means of the floating debt, which will be increased by 17,000,000 florins in 1887. In his recent financial statement, the Minister of Finance has remarked, that since 1871, the excess of revenue and expenditure have so alternated as to compensate one another, although the budget has been burdened with 6,000,000 a year for the charges on the debt and for great public works. Subtracting loans and increase of taxes, the ordinary revenue remains nearly stationary at 141,000,000 of florins annually.

Let us remark, in closing, that the table of the debt we publish stops at Dec. 31, 1885. The operation of conversion accomplished in 1886 has modified the financial results obtained Dec. 31, 1885. The 4 per cent. inscriptions on the Great Book of the National Debt, the 4 per cent. State bonds issued by virtue of the laws of March 16, 1883 and July 20, 1884, and finally the State obligations issued on the base of the agreement with the Society of the Canals of Amsterdam, have disappeared. These different 4 per cent. securities were converted into $3\frac{1}{2}$ per cents. The time of conversion was fixed from May 31 to June 15, 1886. All the holders who had not claimed redemption at this date were considered to have accepted the conversion. Those who, in this interval, had given notice of their acceptance of the conversion, could claim securities to bearer in lieu of their inscribed rente. An allowance of 2 per cent. was granted for the conversion of the 4 per cents. into $3\frac{1}{2}$

per cents. At the time of this operation the Dutch funds were negotiated as follows:

The 4 per cents. at 101.25
The $3\frac{1}{2}$ per cents. at 99 $\frac{3}{8}$

The 3 per cents. at 89 $\frac{1}{2}$
The $2\frac{1}{2}$ per cents. at 74 $\frac{1}{2}$

These same funds were negotiated at the end of December, 1886, at the following prices:

The $3\frac{1}{2}$ per cents. at 99 $\frac{7}{8}$
The 3 per cents. at 89 $\frac{1}{2}$

The $2\frac{1}{2}$ per cents. at 75 $\frac{1}{4}$

We have published in the *Rentier* of June 7, last, all the details of this refunding operation, which, by diminishing the amount of the debt at Dec. 31, 1885, has effected an economy that covers a great part of the deficit of the budget of 1887.

XVI.—KINGDOM OF BELGIUM.

We are indebted to the kindness of Mr. Leemans, the eminent director general of statistics of the Ministry of the Interior and of Public Instruction in Belgium, for the larger portion of the documents we publish upon Belgian finances. We beg leave to thank him once more here.

The financial situation of Belgium has always been followed in France with lively interest. This situation is in all respects most satisfactory, and justifies the high prices of the Belgian funds. The progress of every kind accomplished by Belgium, from the foundation of the kingdom until the present, has been very considerable. It may be judged of by a few figures. The general commerce of Belgium, which was 202,592,865 francs in 1831, amounted in 1883 to 5,410,909,004 francs. Comparing the commercial movement of Belgium and of Great Britain and Ireland with that of France and Germany, the proportional value per inhabitant is shown to be 1,044 francs 36 for Belgium, 514 francs for Great Britain and Ireland, 287 francs 39 for France, and 269 francs 40 for Germany.

The increase and density of the Belgian population deserve also to be noted: there were in 1831, 128 inhabitants for every 100 hectares; in 1884 this number amounted to an average of 194. We may add, too, that the progress of education has been very important. Of the young men drawn for military service, the proportion of educated ones in 1844 was 49.70 per cent.; in 1884 it had risen to 81.50 per cent. In two provinces this proportion is 95 and 96 per cent.*

* See the work of Mr. Hubert Leemans on the Progress of Belgium, in the volume published by the Statistical Society of Paris, on the occasion of the 25th anniversary of this society, p. 132 and following.

With regard to the public debt, it amounted, December 31, 1885, to 1,771,925,648 francs 91, being thus composed :

2½ per cents.....	219,959,631.74
3 per cents of 1873 and 1883.....	509,972,600.00
3 per cents of 1874.....	1,409,634.95
4 per cents { of 1873 and 1883, 1st series.....	905,864,782.22
{ of 1880, 2nd series.....	134,719,000.00
Total.....	1,771,925,648.91

The annual expenditure on the public debt and sinking fund amounts to 85,545,803 francs 77.

The Belgian securities were issued in 5, 4½, 4, 3, and 2½ per cents, as follows :

5 per cents.	Issues of 1832, 1840, 1842, 1848.
4½ " "	1844 to 1871.
4 " "	1836, and of 1871 to 1886.
3½ " "	1886 (conversion).
3 " "	1838, 1842, and 1873 to 1880.

There exists, besides, a 2½ per cent. debt, proceeding from the division of the debt with Holland.

Here is the annual average rate of the prices of these different funds at different dates :

	1840.	1855.	1860.	1870.	1878.	1880.	1884.
5 per cents.....	100.00	99.71	—	—	—	—	—
4½ "	—	92.97	97.28	101.97	103.94	104.51	—
4 "	92.58	90.50	96.34	—	99.86	104.82	104.27
3 "	70.80	73.06	76.57	89.67	76.53	84.12	84.00
2½ "	54.44	53.48	55.71	61.74	63.12	68.79	70.43

The Belgian funds are distributed in all countries; the greater part of the debt is in the possession of inhabitants of the country; Dutch capitalists also hold a considerable amount of these securities. In France, wealthy capitalists have been the principal ones to secure it. Official accounts are wanting for an exact knowledge of the distribution of these securities in different countries.

If we compare the situation of the debt of Belgium on December 31, 1870, with December 31, 1885, we find that this debt has increased 1,089,044,734 francs 95.

The debt on December 31, 1870, was thus composed :

2½ per cents.....	220,105,631.74
3 "	12,353,000.00
4½ "	450,422,282.22
Total	682,880,913.96

The Belgian loans have no special guaranty besides the general resources of the budget.

We publish here following a table showing: 1, the nominal amount of the loans made since 1870; 2, the date of the negotiation; 3, the rate of interest at which these loans were issued; 4, the object and mode of issue.

BELGIAN LOANS MADE SINCE 1870.

<i>Loans. Nominal Capital Negotiated.</i>	<i>Date of Negotiation.</i>	<i>Rate of Interest %</i>	<i>Mode of Issue.</i>
1,000,000	June 7, 1870.....	4½	Delivered in payment of the purchase price of the Botanical Garden of Brussels.
15,773,300	Feb. 23, 1871.....	4½	Delivered in payment of the purchase price of the working stock of the Company of Coal Basins of Hainault.
51,000,000 { 20,000,000	July 29, 1871... {	4	Sold to bankers.
31,000,000	Aug. 8, 1871... {		
1,419,635	April 2, 1873.....	3	Public subscription.
			Inscriptions in the Great Book of the Public Debt as indemnity for military servitudes.
306,859,000 { 165,000,000	April 16, 1873.. {	3	Sold to bankers.
65,000,000	May 12, 1873... {		
13,250,000	March 3-4, 1874 {		
33,000,000	April 20, 1876.. {		
30,609,000	Sept. 14, 1876.. {	3	Public subscription.
6,843,500	May 27, 1876.....		
		4	" " at London.
		4	Sold to Bankers.
1,800,000	Dec. 19, 1876.....	4	Delivered in payment of railway builders.
52,550,000	April 18, 1877....	4	Delivered in payment of railway builders.
		4	Delivered to the Dendre & Waes Railroad Co. for the capitalization of the annuity due in redemption of this railway.
23,068,100	June 1, 1877.....	4	Delivered in payment of railway construction.
6,727,000	June 8, 1877.....	4	Delivered to the Pepinster Spa Railroad Co. for the capitalization of the annuity due in redemption of this railway.
80,000,000	Jan. 25, 1878.....	3	Sold to bankers.
18,989,000	May 31, 1878.....	4	Delivered in payment of the Flanders railroads.
22,188,400	Various dates . .	4	Delivered in payment of railway construction.
2,632,500	June 9, 1878.....	4	Delivered in payment of railway construction.
40,500	July 23, 1879....	4½	Delivered in payment of the purchase price of the working stock of the Company of Coal Basins of Hainault.
466,178,182	July 23, 1879....	4	Conversion of the 4½ per cents.
134,719,000 { 66,719,000	Jan. 8, 1880.....	4	Sold to bankers.
68,000,000			
133,000,000	June 29, 1882....	3	Public subscription.
164,796,000 { 104,796,000	April 27, 1883....	4	Sold to bankers.
60,000,000			
		4	Public subscription.



It will be seen, that since 1870 Belgium has issued several loans in $4\frac{1}{2}$, 4, and 3 per cents and that these loans were applied to works of public utility and specially to railways.

At a time when the conversion of the Belgian 4 per cents into $3\frac{1}{2}$ per cents has just been voted, it may be well to remember, that this is the fifth time the Belgian government is converting its debt. The first conversion, which reduced to $4\frac{1}{2}$ per cent. the 5 per cent. interest of the loans contracted in 1829, 1832, and 1839, goes back to 1844. The second operation of the same kind dates from 1853; the third was in 1857; finally, the fourth, with the object of reducing to 4 per cent. the Belgian $4\frac{1}{2}$ per cents, was of July, 1879. Now there can be no new conversion before June 30, 1893.*

The Belgian loans quoted on the Bourse of Paris are :

The 4 per cent. of 1871; the 4 per cent. of 1880, 2nd series;

* The bill for the conversion of the Belgian 4 per cents was as follows:

Article First. The government is authorized to redeem at par the different loans and debts of the State at 4 per cent.

The redemptions may be made successively in the manner to be determined by the Minister of Finance.

Art. 2. The holders of bonds and the titularies of inscriptions by name shall have the power of obtaining their conversion into $3\frac{1}{2}$ per cents at par.

Those shall be considered as having accepted the conversion who do not ask for redemption within a period to be fixed by royal decree.

Art. 3. The new securities shall constitute two series, one falling due on Feb. 1 and Aug. 1, the other on May 1 and Nov. 1.

The Minister of Finance shall determine the relative amount of the two series.

Art. 4. The exchange of securities shall be made, without expense to those concerned in the different offices of the cashier of the State (National Bank). It may also be effected in Paris.

Art. 5. The government is authorized to issue $3\frac{1}{2}$ per cent. obligations to the amount of the redemptions that must take place by virtue of Art. 1.

The eventual wants made necessary by these redemptions may be provided for by an issue of Treasury bonds, whose maturity shall not exceed 5 years.

Art. 6. An annual sum of 0.20 per cent. of the nominal capital of the two new debts shall be devoted to their amortization; it shall begin at the period fixed by the government, and shall be augmented by the interest of the capital successively redeemed.

Amortization shall be operated by purchases on the Bourse at the price of the day. If the price exceeds par, amortization shall be suspended, and the amounts unemployed during an entire half year shall be assigned to the Treasury; they may also be applied to the redemption of 3 and $2\frac{1}{2}$ per cent. debts, in accordance with the provisions of the law of Dec. 19, 1874.

Art. 7. In case of the creation of other $3\frac{1}{2}$ per cent. debts with the same condition of amortization and the same payments of interest, the endowments of these debts may be mingled with the endowment fixed by Art. 6.

Art. 8. The exercise of the right of redemption of securities to be issued by virtue of the present law shall be suspended until June 30, 1893.

Art. 9. The time for the interest to begin on the new $3\frac{1}{2}$ per cent. debts and the other conditions of the operation shall be regulated by royal decree.

Art. 10. A special credit of five hundred thousand francs (500,000 francs) is opened in the department of finance (public debt) for the costs of making and issuing the new securities. This credit shall be covered by means of a loan.

It may be provisionally by Treasury bonds, whose maturity shall not be later than five years.

the 3 per cent. of 1873. The coupons of these different loans are payable in Paris by Messrs. Rothschild Brothers.

The 4 per cent. of 1871 was put on the list of quotations Aug. 13, 1879. The 4 per cent. of 1880 was put on the list of quotations April 24, 1880. The 3 per cent. of 1873 was put on the list of quotations March 12, 1879.

The two 4 per cent. loans sell for about 105 and the 3 per cent. at 95.

The 4 per cent. loan of 1871 of 50,000,000 francs, enacted by the law of July 27, 1871, is represented by obligations to bearer of 2,000, 1,000, 500, 200, and 100 francs of nominal capital issued at 98 francs. The annual interest of 4 per cent., or 4 francs on a bond of 100 francs, is payable half on May 1, and half on Nov. 1. An annual amount is devoted to amortization, which is operated by purchases on the Bourse, if the price is below par. Amortization is suspended if the price is above par.

The 4 per cent. loan of 1880 (2d series) of 134,719,000 francs, created by a royal decree of Jan. 8, 1880, of which 68,000,000 were issued by public subscription at Brussels, Jan. 17, 1880, at the price of 105 francs 75, is represented by bonds of 10,000, 5,000, 2,000, 1,000, 500, 200, and 100 francs of nominal capital. Interest 4 francs per 100 francs payable half on Feb. 1, and half on Aug. 1. The conditions established for the amortization of the 4 per cent. debt of 1871 are applicable to this loan.

These 4 per cent. loans above mentioned are the ones converted into $3\frac{1}{2}$ per cents. at par. The holders of 4 per cents who do not accept the new security will be reimbursed at par.

An endowment of 0.20 per cent. is applied to the new $3\frac{1}{2}$ per cent. fund for amortization.

The 3 per cent. loan of 1873, of 248,000,000 nominal capital, authorized by the law of April 29, 1873, was limited to 230,000,000 by royal decree of the same day. Of this capital 65,000,000 were issued by public subscription at Brussels, May 12, 1873, at 81 francs. This loan is represented by bonds, entirely liberated of 100, 200, 500, 1,000, 2,000, 5,000, and 10,000 francs of nominal capital, giving an annual interest of 3 per cent. (or 3, 6, 15, 30, 60, 150, and 300 francs) payable half on May 1, and half on November 1.

An annual endowment of 0 francs 20 for 100 francs of nominal capital is devoted, from May 1, 1876, to the amortization of the loan by purchases on the Bourse at the price of the day. Amortization, however, is optional, whenever the purchases cannot be made at 90 per cent. or below.

EXPENDITURE REQUIRED BY THE BELGIAN PUBLIC DEBT FOR 1886.

<i>Object of the Expenditure.</i>	<i>Amounts.</i>		<i>Total for Debt.</i>	<i>Amount of the Credits.</i>
	<i>For Interest.</i>	<i>For Amortization.</i>		
Chapter I. Debt properly so called. 1st Section.				
Debt whose origin is anterior to Oct. 1, 1830.				
Debt at 2½ per cent.	5,498,990.78	....	5,498,990.78	5,498,990.78
Rente in the name of the Prince of Waterloo. ....	....	....	....	80,598.14
2d Section.				
Amounts due to the Netherlands by virtue of treaty of Nov. 5, 1842, and of International Convention of Oct. 31, 1879, approved by law of April 29, following:				
Amount for maintenance of Ternewzen Canal and its dependencies. ....	....	....	....	123,386.24
Redemption of light-house dues. ....	....	....	....	21,164.02
3d Section.				
Debts contracted since 1830.				
§1. Interest and amortization.				
4 per cent. loan of 1871, and capital which has been added.	36,588,342.68	4,552,599.17	41,140,941.85	41,140,941.85
4 per cent. loan, 2d series (of 1880).	5,388,760.00	673,595.00	6,062,355.00	6,062,355.00
3 per cent. debt.	15,595,770.00	1,039,718.00	16,635,488.00	16,635,488.00
3½ per cent debt.	3,057,424.12	....	3,057,424.12	3,057,424.12
Totals, francs.	66,129,287.58	6,265,912.17	72,395,199.75	
Interest and costs of capital necessary to provide for expenditure on the extraordinary resources of the year. (Pour mémoire).....				1,700,000.00
§2. Various Annuities.				
Rente in the name of the city of Brussels.				300,000.00
Rente in payment of railroad from Mons to Manage.				672,330.00
Quota of Belgium for purchase of the line from Spa to the Grand-Ducal frontier.				500,000.00
Sixteenth annuity in payment of a part of the working stock, bought by virtue of Article 10 of the Convention of April 25, 1870, approved by law of June 3, following.				612,000.00
Annuity to be paid until 1949 inclusive, for preferred stock of same company. (Pour mémoire).....				....
A. Annuity of 7,000 francs per kilometer on 770,167 meters, length of lines or sections of lines delivered to the State before Jan. 1, 1877. (Art. 33 § 1 of Convention of June 1, 1877).....francs....		5,391,169.00		8,471,837.00
B. Annuity of 4,000 francs per kilometer on the same lines or sections of lines. (Art. 33 § 2, and Art. 37 combined of same Convention).....		3,080,668.00		
Provisional rent of railroad from Antwerp to Rotterdam for half-years, April 1 and October 1, 1886. (International Convention of October 31, 1879, approved by law of April 29, 1880).....				1,000,000.00
4 per cent. interest on the price of the Virton Railroad.				2,500.00
§3. Other charges.				
Annual rente at 3 per cent., indemnity for military servitudes.				42,287.74
Minimum of interest guaranteed by the State (Credit not limiting).....				490,000.00
A. Costs relating to different debts and annuities preceding. (Payment of interest, amortization, comptroller, manufacture and issue of securities, etc.).....		127,000.88		134,500.88
B. Cost of superintendence of railway companies, etc., with a view to the guarantee of the minimum of interest.....		7,500.00		

XVII.—KINGDOM OF SPAIN.

We are indebted to the kindness of His Excellency, the General of Division Ybanez, director-general of the Geographical and Statistical Institute of Madrid, for the greater part of the following information on the public debt of the kingdom of Spain. We may be allowed to thank him again here.

In Spain the financial year begins on the 1st of July. All the figures we give hereafter stop at July 1 and not at December 31, as for most other countries. On the 1st of July, 1885, the nominal capital of the public debt was 6,042,528,000 francs.

The annual interest amounts to 238,516,000 francs, and the sinking fund to 35,528,000 francs.

Securities were issued in 5, 4, 2½, and 2 per cents, as follows:

In 5 per cents.....	francs	3,000,000
“ 4 “	“	5,894,997,000
“ 2½ “	“	2,238,000
“ 2 “	“	75,320,000
Various.....	“	66,973,000

The amount of Spanish securities belonging to Spaniards is approximately 4 milliards 800 millions (nominal capital); foreigners possess about 1,200 millions, of which 400 millions are in the hands of French capitalists. Almost all the Spanish foreign debt, whose nominal amount exceeds 2 milliards, is held abroad; the interest on this debt is paid by the Commission of Finances of Spain, established at London and Paris.

July 1, 1868, the capital of the public debt was 4,742,000,000; the annual interest amounted to 157,000,000; the sinking fund called for 11,000,000. From that period to July 1, 1885, the capital of the public debt increased 1,300,528,000 francs; the interest on the debt increased 81,000,000, and the sinking fund, 24,653,000 francs.

Besides the general resources of the budget, several loans have received special guaranties. The most important is that of the 4 per cent. redeemable, guaranteed by the collection of the direct taxes, whose recovery is intrusted to the Bank of Spain. This bank has also the charge of paying the coupons, and caring for the sinking fund of the redeemable 4 per cents.

The receipts and expenditures of 1885-1886 were settled by a deficit of 42,118,156 francs. The figures of this budget, published in the *Madrid Gazette* of September 14 last, are as follows:

	<i>Receipts.</i>	<i>Francs.</i>
Direct taxes.....		231,061,555
Taxes.....		121,969,765
Customs.....		147,176,352
Revenues farmed out.....		249,226,148
Domain { Revenue.....		13,009,492
{ Alienations.....		8,957,410
Treasury.....		44,522,380
Total.....		815,923,102

The Spanish securities quoted on the Bourse of Paris are divided into:

1. Perpetual 4 per cent. internal and external debt;
2. Redeemable 2 per cent. external debt.

The internal 4 per cent. debt differs from the external 4 per cent. and 2 per cent. debt in this way, that its coupons being payable only at Madrid, they are paid in Paris at the exchange of the day on Madrid, by an order at thirty days after sight on Madrid, delivered by the commission of finances of Spain at Paris, and on presentation of the securities, while the coupons of the external debt are paid in Paris by the said commission of finances, with exchange fixed at 5 francs 40 a piaster.

The 4 per cent. perpetual internal debt proceeds from the conversion of the 3 per cent. consolidated internal debt and of the State railroad bonds. This security bears, from July 1, 1882, an annual interest of 4 per cent., payable quarterly, January 1, April 1, July 1, and October 1.

The securities were admitted to quotation, for cash and on account, August 1, 1882. Calculations are made with exchange fixed at 1 franc the peseta. The quotation being 67, the price of a security with 20 pesetas of interest would be 335 francs, or $67 \times 5 = 335$ francs.

The 4 per cent. perpetual external debt proceeds also from the conversion enacted by the law of May 29, 1882.

It is represented by securities, entirely liberated and to bearer, of 1,000, 2,000, 4,000, 6,000, 12,000, 24,000 pesetas of capital, or 40, 80, 160, 240, 480, 960 francs of annual interest.

The annual interest is 4 per cent., or 40 pesetas, or 40 francs, on a security of 1,000 pesetas of capital, payable quarterly on January 1, April 1, July 1, and October 1. The coupons are paid at Madrid, London, and Paris. The securities have been quoted since August 1, 1882. The quotations are made in interest and francs. Calculations are made with exchange fixed at 1 franc the peseta.

The quotation being 67 francs, the price of 40 pesetas of interest would be 670 francs, or $\frac{67 \times 40}{4} = 670$ francs.

The 2 per cent. redeemable external debt, quoted on the Bourse of Paris since August 8, 1877, gives an annual interest of 2 per cent., or 4 full piasters on a security of 200 piasters of capital, payable half on June 30 and half on December 31. These securities should be entirely redeemed between now and December 31, 1891, at the rate of 50 per cent. of their nominal value, by semi-annual drawings taking place in June and December, the redemption of securities drawn to be effected on January 1 and July 1 following. The payment of coupons and the redemption of the securities drawn are effected at Madrid, London, and Paris, by the

commission of finances of Spain, with exchange fixed at 5 francs 40 the piaster. The quotation being 50, the price of 4 piasters of interest, or 21 francs 60, would be 540, or $\frac{50 \times 4}{2} \times 5.40 = 540$ francs.

Among the official quotations of the Bourse of Paris may be found also the Treasury bonds of the Island of Cuba, 6 per cents of 1878, forming part of a loan of 25,000,000 full piasters, or 125,000,000 francs, authorized by the law of June 25, 1878. These securities give an income of 30 francs a year, payable quarterly in October, January, April, July, and are redeemable at 500 francs in fifteen years from 1878 to 1893. Of the 250,000 bonds issued, 100,775 were redeemed January 1, 1886. These securities form part of the conversion actually in progress. They sell for 495 francs.

Finally, since July 24, 1886, the syndical chamber of stockholders has put on the official lists of quotations, for cash and on account, 340,000 mortgage bills of the Island of Cuba, issue of 1886. These 340,000 bills form part of the 1,240,000 bills, representing a capital of 620,000,000, whose creation was authorized by the laws of July 25, 1884, and July 13, 1885, and by royal decree of May 10, 1886. They were created for the redemption of the floating debt and the conversion of the securities of Cuba at present in existence. This loan is guaranteed by the revenue from customs, stamps, and direct and indirect taxes of Cuba; it possesses, moreover, the guaranty of the Spanish nation. (Royal decree of May 10, 1886.) These bills give an income of 30 francs a year, payable quarterly, January 1, April 1, July 1, October 1, at Paris, London, and Madrid; they are redeemable at 500 francs in fifty years. The issue was made by the Bank of Paris and of the Netherlands, May 25, 1886, at 422 francs, interest from June 1, 1886, payable in four quarters. The obligation, entirely liberated at distribution, went out at 419 francs 50. These securities sold for 467 francs 50 at the end of December, 1886.

XVIII.—PORTUGAL.

On July 1, 1886, the capital issued of the Portuguese debt amounted to 612,108 contos de reis (round numbers), or 3,427,804,800 francs.*

This number is divided as follows:

	<i>Contos de reis.</i>
Securities 3 per cent. perpetual internal.....	252,098
“ “ “ external.....	311,753
“ 5 and 6 per cent. redeemable.....	48,257
Total	612,108

Of which have been redeemed:

Securities, 3 per cent. internal.....	10,709
“ 3 per cent. external.....	73,573
“ 6 per cent. “	16,856

Total of capital redeemed..... 101,138 contos.

* Milreis=5 francs 60. 1 conto de reis=5,600 francs.

Redemptions deducted, the nominal capital of the Portuguese public debt amounts, therefore, to 510,970 contos de reis, or 2,861,-432,000 francs.

The public debt requires for the current financial year, for interest and sinking fund :

3 per cent. securities.....	14,387 contos
5 " " "	1,568 "
Total.....	15,955 contos.

This represents 89,348,000 francs.

These charges form 48 to 49 per cent. of the amount of the public receipts.

The greater part of the Portuguese loans was issued and is held by French capitalists; the principal banking houses and credit institutions, especially the Comptoir d'Escompte of Paris and the Society of Deposits and Current Accounts, have given their help to the financial operations of this country.

Of late years the situation of the Treasury has improved; from 1870 to 1884 the receipts increased 71.5 per cent.

In 1870-1871 they amounted to 18,155 contos de reis, and in 1884-1885 to 31,158 contos. The increase was, consequently, 13,003 contos de reis, or 72,816,800 francs.

In 1870-1871 the expenditures were 25,600 contos; they were 32,742 contos in 1884-1885. During this period, therefore, the expenditures increased 7,142 contos de reis, or 39,995,000 francs.

While the receipts have advanced 71.5 per cent., the expenditures have only increased 58 per cent. The charges on the public debt, which, as was seen above, absorb 48 to 49 per cent. of the receipts, required, in 1870-1871, 57 per cent. of the same receipts.

It should be remarked that the capital borrowed by the Portuguese Government since 1871, has been applied to the building of railroads, roads, posts, telegraphs, etc., as well as to the development and improvement of the colonies.

All the progress accomplished has only been obtained by augmenting the charges of the debt, but Portugal already feels the happy effects of these productive expenditures. The receipts of the Treasury increase progressively, and the natural consequence is the diminution of the annual deficit. In five years the deficit has diminished 4,332 contos de reis.

On January 16, 1886, the Minister of Finance submitted to the Portuguese Chamber of Deputies the ordinary budget for the year 1886-87 (July 1, 1886-June 30, 1887).

The estimated receipts and expenditures were as follows:

<i>Receipts.</i>		<i>Milreis.</i>
Direct taxes.....		6,253,000
Stamps and registration.....		3,341,000
Indirect taxes.....		16,884,000
Additional tax of 6 per cent.....		1,087,000
National property and sundries.....		3,616,000
Compensation of expenditures.....		1,090,000
Total of receipts.....		32,271,000
<i>Expenditures.</i>		<i>Milreis.</i>
Junta of the public debt.....		14,437,000
Ministry of Finance } general charges.....		3,781,000
} expenses.....		2,558,000
Ministry of Interior.....		2,268,000
Ministry of Justice.....		707,000
Ministry of War.....		4,891,000
Ministry of Marine and Colonies.....		2,022,000
Ministry of Foreign Affairs.....		349,000
Ministry of Public Works.....		2,967,000
Deposits and Savings Banks.....		39,000
Total of expenditures.....		34,019,000
Total of receipts.....		32,271,000
Excess of expenditures.....		1,748,000

This deficit was less than that of the preceding year, and it is probable that the ensuing budget will be presented without the ordinary deficit.

The charges, made necessary by the extraordinary expenditures upon great public works, will be covered by the extraordinary receipts which the Government must ask of the Cortes.

Since 1870, the Portuguese Government has issued loans in the form of 3, 5, and 6 per cent. redeemable securities.

The statement of them is as follows:

<i>Years.</i>	<i>3 per cents. Contos de reis.</i>	<i>5 per cents. Contos de reis.</i>	<i>6 per cents. Contos de reis.</i>
1873	38,000	—	2,034
1874	—	—	1,755
1875	—	—	1,707
1876	—	—	2,097
1877	18,000	1,378	3,724
1878	11,250	—	3,558
1880	39,150	—	1,832
1881	8,460	16,343 2,441 1,986	—
1884	37,710	—	—

The 5 per cent. loan of 1877 was for the colonies; the 5 per cent. loans of 1881 were applied to the building of the Minho and Douro Railroad.

We owe the greater part of the preceding information to the kindness of our learned colleague of the Statistical Society of Paris, Lieut.-Col. Gerardo Pery, assistant director of the geodesic and statistical works of Portugal. We thank him here.

XIX.—ENGLAND.

The English budgetary year begins with April 1. The accounts of the debt, as well as the entire budget, stop, therefore, with March 31 of each year.

On March 31, 1885, the consolidated debt of the United Kingdom of Great Britain and Ireland was thus composed in nominal capital:

3 per cents consolidated.....	£329,896,855
3 " new.....	180,053,130
3 " reduced.....	77,151,474
3½ " new.....	225,746
2¾ " 	4,647,799
2½ " 	33,228,820
3 per cent. debt to the Bank of England (capital of the Bank of England).....	13,645,869

Total of the consolidated debt.....£638,849,693

The unconsolidated debt and the floating debt amounted to a total of £105,566,215, comprising:

Terminable annuities, whose value in capital, calculated on the basis of 3 per cent. a year, represented	£85,829,917
Exchequer bonds for	5,162,800
Treasury bonds for.....	8,681,000
A loan for Cape Colony.....	400,000
Exchequer bonds representing Suez Canal shares....	3,359,000
Savings banks deficiency (annuities ceasing in 1908)...	2,133,498

Total.....£105,566,215

There should be deducted £27,769,954 of loans to be repaid by towns, etc., and £3,532,040, value of the Suez Canal shares,

Leaving for the unconsolidated debt.....	£74,254,221
The general total of consolidated and unconsolidated debt is.....	713,113,914

or about 17,829 million francs.

A table of the total national debt, consolidated or floating, including the value, calculated at 3 per cent., of the terminable annuities, recently published in the form of a Parliamentary Blue Book, shows that from April 1, 1857, to April 1, 1885, in twenty-eight years, the figure of the total debt has been reduced from £831,532,000 to £740,330,000, making a diminution of £91,000,000 sterling, or about 11 per cent.

The greater part of this reduction has been effected since 1870. From April 1, 1870, to April 1, 1885, the English debt decreased more than £54,000,000 sterling—from £794,909,000 to £740,330,000—or 6.79 per cent.

According to this parliamentary document the figures appearing at the end of each financial year, all deficiencies or augmentations accounted for, were as follows:

National debt, consolidated or floating, and including the capitalized value at 3 per cent. of the terminable annuities :

<i>Years.</i>	<i>£</i>	<i>Years.</i>	<i>£</i>
1857-58	831,532,535	1871-72	785,925,831
1858-59	828,963,588	1872-73	777,222,110
1859-60	823,153,815	1873-74	772,934,938
1860-61	822,201,900	1874-75	768,915,757
1861-62	821,646,511	1875-76	770,906,683
1862-63	821,992,158	1876-77	770,014,723
1863-64	818,184,610	1877-78	772,151,726
1864-65	813,787,695	1878-79	772,965,062
1865-66	804,524,317	1879-80	771,605,908
1866-67	802,210,413	1880-81	766,144,461
1867-68	799,839,663	1881-82	760,688,122
1868-69	799,786,247	1882-83	754,455,270
1869-70	794,909,811	1883-84	746,423,964
1870-71	789,184,466	1884-85	740,330,654

The capital of the funds created for various special objects, such as the organization of the telegraphs and others, amounts to £10,948,172.

The entire English debt is guaranteed by the total revenue of the State. It is paid on the "consolidated fund," an expression designating the general and permanent taxes; what in France is called the ordinary budget.

An annual and permanent sum is charged on the consolidated fund for the total debt. Various laws, the last being of 1884, have fixed this sum at the figure of £28,036,917. Until a new law changes this figure, this sum is taken from the ordinary resources and placed at the disposition of the Chancellor of the Exchequer or Minister of Finance. From this sum come the interest and the costs of administration of the debt; the surplus is applied to the sinking fund of the debt, operated by the purchase of securities in the market and their conversion into terminable annuities, which are successively extinguished from year to year.

Besides this sinking fund, designated by the name of "new sinking fund," there is a sinking fund formed, according to the fortune of the budgets, from the eventual surplus of receipts over expenditures in a fiscal year. This is the "old sinking fund." Several other special funds have been created at different dates, with reference to different issues. For the current year these last special funds produce 613,000 pounds.

The sums devoted to the sinking fund, in the year 1884-1885, amounted in all (new sinking fund, old sinking fund by budgetary surplus, special sinking funds), to about 7 million pounds sterling.

The English consols are distributed over England, the English colonies, and, one may say, over the whole world; but the amount possessed by foreigners is proportionally inconsiderable. It is impossible to determine it approximately, since there is no account of the holders by country or nationality.

The Bank of England alone is charged with the care of the consolidated debt. All the securities are registered by name on the books of the bank, and the negotiations take place by means of transfer formalities required by the bank.

It is to be remarked that the Bank of England takes charge of the debt without expense to the government or to private individuals.

The bank delivers to those requesting it certificates to bearer representing the funds registered. These certificates, furnished with coupons for ten years, are divided into notes of 20, 50, 100, 200, 500, 1,000 pounds sterling of nominal capital.

The floating debt—Treasury bonds, Exchequer bonds, etc.,—is almost entirely in the possession of the Bank of England and a few great banks. The terminable annuities remain in great part in the hands of the commissioners of the debt, charged with the sinking fund. They are also held by insurance companies, savings banks, etc.

The English debt has only diminished since 1857, except two or three exceptional years which have seen an increase of 1 to 2 or 3 millions in the floating debt.* The extraordinary wants have generally been covered by means of the unconsolidated debt, and new funds have only been created in consequence and under the form of conversion in 1885. It is well known that the optional conversion of 3 per cents into funds of lower interest, $2\frac{3}{4}$ and $2\frac{1}{2}$ per cent., has been nearly null and void. This operation has only given £4,647,799 (nominal capital) of $2\frac{3}{4}$ per cent. funds, and about 19 millions of $2\frac{1}{2}$ per cents, of which the standard has been in existence since 1853.

The 3 per cent. consols do not differ from the other English 3 per cents, except historically. Issued for the first time in 1751, and increased by successive loans since, they offer this peculiarity, that their standard and the rate of their interest have always been invariable, and that they do not proceed from the conversion or fusion of other loans.

The English funds quoted on the Bourse of Paris are the 3 per cent. consols and the $2\frac{1}{2}$ per cents.

The certificates to bearer are alone allowed in the negotiations

* In the session of Sept. 14, 1886, the Chancellor of the Exchequer announced in the House of Commons the appointment of a royal commission for the purpose of investigating all the ministerial departments and ascertaining what economies it would be possible to make.

To prove the necessity of this investigation, Lord R. Churchill showed the progress of the States expenditures by the following figures :

The budget of war and navy, which was £17,155,000 in 1847-48, amounted in 1886-87 to £31,226,000; the budget of the civil service and the consolidated debt amounted to £6,464,000 in 1848, to £19,772,000 in 1886-87; the expenses of collecting the revenue, which were in 1848 £3,963,000, amounted in 1886-87 to £10,554,000. The expenditures of these three departments rose in forty years, from £27,382,000 to £61,551,000.

of the Bourse of Paris. Calculations are made with exchange fixed at 25 francs 20 a pound sterling.

The 3 per cent. consols have been quoted, for cash and on account, since April 4, 1883.

The certificates to bearer, white, drawn up in English, bear the amount of the note and the date at which each was issued. They have 20 semi-annual coupons. They are not subject in England to any stamp or transfer tax.

The $2\frac{1}{2}$ per cent. consols were allowed to be quoted for cash from November 17, 1882. The certificates are green, drawn up in English, and bear different dates, according to the period of their issue. They are furnished with 40 quarterly coupons.

The interest on the 3 per cent. consols is paid twice a year, on January 5, and July 5.

The interest on the reduced 3 per cents and the new 3 per cents is paid on April 5 and October, 5.

The $2\frac{1}{2}$ and the $2\frac{3}{4}$ per cents pay their interest quarterly.

The price of the English 3 per cent. consols on the Bourse of Paris was $102\frac{1}{2}$ at the end of December, 1886.

At this quotation the price of £100 of capital, giving 75 francs 60 of interest, would be 2,583 francs, or $102\frac{1}{2} \times 25.20 = 2,583$ francs.

The price of the English $2\frac{1}{2}$ per cent. consols on the Bourse of Paris is 88 francs. Negotiations are calculated, as for the 3 per cent. consols, at the fixed exchange of 25.20 francs the pound sterling.

The quotation being 88, the price of £100 of capital, giving 63 francs of interest, would be 2,217 francs 60, or $88 \times 25.20 = 2,217$ francs 60.

XX.—SWITZERLAND.

The debts of the Swiss Confederation were united in 1880, by a federal ordinance of January 9 of that year, enacted in conformity with a message of the Federal Council of November 12, 1879.

These debts then consisted of three loans.

The first, contracted in 1867, of the nominal amount of 12,000,000 francs at $4\frac{1}{2}$ per cent., redeemable by increasing annuities in 25 years.

The second, contracted in February, 1871, for the expenses of neutrality during the Franco-German war, for 15,600,000 francs at $4\frac{1}{2}$ per cent., redeemable August 31, 1886.

The third, authorized by federal decree of June 23, 1877, for 6,000,000 francs, of which two millions were in 4 per cent. Treasury bonds at one year, and four millions in $4\frac{1}{2}$ per cent. bonds at three years.

These three loans represented in the beginning a sum of 33,600,000 francs, reduced by sinking fund and redemptions of Treasury bonds to about 29 millions at the time of the order of conversion. To this sum were added 6,500,000 francs of federal subventions for the Saint-Gothard Railroad.

The amount of the conversion loan was fixed at 35 million francs, at 4 per cent. interest, with redemption in 35 years. The issue was made by public subscription, a syndicate of bankers having guaranteed its success for a commission of 100,000 francs. The price of issue was 99½ per cent., with ¼ per cent. commission for the subscription offices. The holders of preceding loans offered 16½ millions of 4½ per cents for conversion into 4 per cents; the rest was redeemed at par.

Since January 1, 1880, the sinking fund of this 4 per cent. debt has been operated by increasing annuities. The nominal capital of the debt, after 6 annuities, was reduced, on January 1, 1886, to 32,426,000 francs, or a diminution of 2,574,000 francs.

The present debt must be extinguished by sinking fund in 1915. The expenditures on the debt figured in the budget of 1886 for 1,867,864 francs, of which 1,289,864 francs were for interest and expenses, and 578,000 francs for the sinking fund. This is a sum nearly fixed, established by the law creating the loan of conversion.

The federal 4 per cent. loan is almost entirely owned in Switzerland itself. At the time of the issue the subscriptions coming from France and Germany formed together 2,200,000 francs, which was reduced by a third at least in the distribution.

In the message proposing to the federal assembly the law of conversion, it was said that the 4 per cent. obligations had been chosen in preference to the 3 per cents, which might have been advantageously issued in France, because it was desirable that the federal obligations should be disposed of and should remain in the country.

The bonds of the 4 per cent. loan are in amounts of 500, 1,000, 5,000, and 10,000 francs of nominal capital. They are to bearer, but those of 5,000 and 10,000 francs may be registered in names.

The budget of the confederation for the year 1885 amounted to 45,882,000 francs of receipts and 45,740,000 francs of expenditures.

The military expenditures figure in this last number for 17,513,030 francs.

Since 1870 the debt has increased by the amount of two loans of 21,600,000 francs. The expenditure on the debt, which takes since the conversion 1,875,000 francs in round numbers, figured in the budget of 1870 for only 902,000 francs.

The federal debt has no special pledges; it is guaranteed by the entire revenue and credit of the confederation.

The Swiss federal loan is not quoted on the Bourse of Paris.

XXI.—SERVIA.

The public debt of Servia, created entirely within ten years amounted June 1-13, 1886, to a total of 224,203,010 dinars (the Servian dinar=1 franc) according to the report of the commission of the budget.

According to the same document this total was thus composed :

<i>Loans.</i>	<i>Amount in circulation. Francs.</i>	<i>Interest and sinking fund.</i>
Russian loan.....	5,189,010	348,887
Loan of Belgrade-Vranja Railroads at 5 per cent	87,410,000	5,400,000
“ of Nisch-Piro tRailroads at 5 per cent.....	29,856,000	1,555,425
“ 3 per cent. lottery.....	32,580,000	1,650,000
Redeemable 5 per cents.....	40,143,500	1,950,000
Tobacco 5 per cents.....	39,902,500	2,195,000
Loan for purchase of rifles payable on the annuities of the salt works.....	5,122,000	220,513
Agrarian loan for indemnifying the emigrating Turkish proprietors.....	4,000,000	450,000
Total francs.....	224,203,010	13,769,825

The floating debt amounted, at the same date, to about 20 million francs, or at least it was estimated at this figure by the report of the commission, while the opposition estimated it at a much higher total. Of the official figure 4,895,000 francs are represented by Treasury bonds; the rest was borrowed from the National Bank, the fund of deposits, the administration of loans, etc.

It cannot be far from the truth to estimate at 300 millions in round numbers the present debt, registered and floating, contracted in less than ten years by this country of two million inhabitants.

The budget of 1884-85 amounted to 46 millions in receipts and expenditures.

The railway mortgage bonds at 5 per cent. are to the number of 180,000. They were issued in amounts of 500 francs to bearer, redeemable from 1882 to 1931, by semi-annual drawings, drawn up in the French, Servian, and German languages; they have been quoted on the Bourse of Paris, for cash and on account, since September 5, 1882. The coupons of interest are payable at the Comptoir d'Escompte of Paris.

The railway mortgage loans are guaranteed chiefly by the net proceeds of the lines; the rifle loan is guaranteed by the proceeds of the salt works; the tobacco loan by the proceeds of the tobacco administration, the agrarian loan by the annuities paid by land-owners; but secondary guaranties are the proceeds of the customs, of the civil tax and of the taxes replacing it, and in general the total resources of the Servian government.

XXII.—ROUMANIA.

The budget estimates of the kingdom of Roumania for the year 1887-88, from April 1, 1887, to March 31, 1888, balance in receipts and expenditures by 138,653,331 francs.

Of this entire budget the public debt alone requires 59,277,675 francs, or 42 per cent.

All the loans issued by the State of Roumania, since its foundation, amount to about 810,000,000, of which 81,000,000 have been redeemed, leaving the actual debt at 729,000,000.

Of these 810,000,000 of loans, 106,000,000 were issued before 1870, and 704,000,000 since that time.

The Roumanian public debt was composed as follows, at the close of the last definitive budget (that of 1885-86), on the 1st of April:

<i>Dates of Issue.</i>	<i>Loans.</i>	<i>Nominal amount issued.</i>	<i>Remainder to be amortized.</i>	<i>Limit of amortization.</i>
1864	Stern loan 7 per cent.....	22,889,437	460,000	1888
1866	Oppenheim loan 8 per cent.....	31,610,500	7,854,500	1889
1868	Suczava-Roman Railroad 7½ p. c....	51,535,640	51,366,765	1960
1872	Jassy-Ungheny Railroad 8 per cent..	3,770,215	Redeemed	1886
1872	Deposit fund 3½ per cent.....	9,985,320	8,729,547	1912
1875	Perpetual 5 per cents.....	44,600,000	36,963,500	without limit
1877	Mortgage bills.....	26,260,000	25,895,000	" "
1880	State Railroad bonds 6 per cent.....	237,500,000	233,840,000	1923
1880	Rural bonds converted 6 per cent....	31,600,000	30,413,600	1924
1881-86	Redeemable 5 per cents. (6th issue)..	301,525,000	294,435,000	1926
1881	Railroad bonds 5 per cent.....	47,948,000	38,410,000	1899
1882-83	Deposit fund 4 per cent.....	1,145,556	818,263	1895
Totals.....		810,369,668	729,186,175	

Besides the general guaranty of the total budgetary resources, which is given to all the Roumanian debts and to each one of them the great railroad loan of 1880 is specially guaranteed by a mortgage upon the railroads acquired by the State, and the latter has engaged not to alienate it before the final redemption of the bonds; it has also a special guaranty from the net revenue from tobacco.

All these loans were issued through institutions of credit and banking houses abroad, in England, in France, but chiefly in Germany. The German market has absorbed the greater part of the 6 per cent. railroad loans and of the 5 per cent. securities, of which a fraction has been sold in France.

In the budget of 1887-88, two of the loans enumerated above have disappeared, having been completely redeemed. They are the Stern loan (English), and the loan for the construction of the Jassy-Ungheny Railroad.

The Roumanian government securities quoted on the Bourse of Paris are: the loan in perpetual 5 per cents of 1875, and the loan

of 1880 in 6 per cent. bonds for the purchase of the Roumanian Railroad Company's system.

The 5 per cent. loan of 1875, issued May 12 and 13, 1875, by the Société Générale, at the price of 71 per cent., or 357 francs 50 for 500 francs, with 25 francs of interest, was allowed to be quoted, for cash and on account, in August of the same year. The interest is paid in London, in Roumania, and in Paris by the Société Générale, April 1 and October 1. It is quoted at 92½ per cent., or 462 francs 50 for an income of 25 francs.

The loan of 1880 in 6 per cent. bonds is divided into 475,000 bonds of 500 francs or 400 marks to bearer, of which the interest of 30 francs is payable half on January 1 and half on July 1, in Roumania, Berlin, and at Paris by the Bank of Paris and the Netherlands. They were put on the official list of quotations, for cash and on account, September 15, 1880.

They are quoted by so much per cent., by variations of 1-16 and multiples. The last quotation, in December, 1886, was 107 per cent.

XXIII.—GREECE.

The budget of the kingdom of Greece for the year 1886 was estimated in advance at 82,674,000 francs of receipts, and 88,048,000 francs of expenditures. These last include for the public debt, 33,062,000 francs, or 37.50 per cent. of the total budgetary expenditures.

The present public debt of Greece amounts in nominal capital to 348,000,000 francs. The independence loans, namely: the loans of 1824 and 1825, reduced to 19,567,000 francs, by a convention made in 1878 with the English holders of the securities, and the loan of 1832, guaranteed by the three protecting powers, France, England and Russia, represent 39,567,000 francs. There is an indemnity due to the islands of Hydra, etc., of 17,857,000 francs; to the heirs of King Otho, 3,000,000 francs.

The following public loans have been issued:

1862 internal loan of 6,000,000 at 6 per cent.

1867-68 " " 25,000,000 " 9 "

1871 " " 4,000,000 " 8 "

1874 " " 26,000,000 " 6 "

1876 " " 10,000,000 " 6 "

1879 external " 60,000,000 " 6 "

1881 " " 120,000,000 " 5 "

1884 " " 170,000,000 " 5 "

1885 loan of 9,000,000 " 7 "

The total of these loans, appearing in the budgetary debts of Greece, has been brought down by redemption, and by not selling

a more or less considerable portion of the emissions decreed, to the figure of 348,000,000, of which 78,000,000 date from loans prior to 1870. The increase of the registered Greek debt, internal and external, has been 270,000,000 since 1870.

To the 348,000,000 of registered debts must be added about 80,000,000 of floating debt, united under the designation of "sundry loans."

The paper money issued for the account of the State, with forced currency, by the three banks of issue, the National Bank, the Ionian Bank, and the Bank of Epirus and Thessaly, represents another floating debt, without interest, of nearly 28,000,000 francs.

The external loans of Greece have been contracted with credit establishments and bankers, and by them have been put upon the market.

The loans issued abroad since 1870 all have a special guaranty which is given them on certain revenues.

The Greek loans officially quoted on the Bourse of Paris are the external loan of 1879, and the 5 per cent. loans of 1881 and 1884.

The loan of 60,000,000 of 1879, called "the National External 6 per cent.," was issued in the French market by the Comptoir d'Escompte, May 8 and 9, 1879, in 120,000 securities of 500 francs, at the price of 392 francs 50, giving 30 francs interest, redeemable at 500 francs in forty years. The interest of 30 francs is payable quarterly on February 1, May 1, August 1, and November 1. The capital and interest are exempt from taxation. These securities have been quoted for cash and on account since July 21, 1879. They are quoted at 370 francs.

The 5 per cent. loan of 1881, with a capital of 120,000,000, in securities of 500 francs bearing 25 francs of interest, payable half on January 1 and half on July 1, issued at Paris at 375 francs in June, 1882, by the Comptoir d'Escompte, has been quoted for cash and on account since September 27, 1881. The quotation at the end of December, 1886, was 305 francs.

The 5 per cent. loan of 1884, for 170,000,000 francs, in securities of 500 francs, issued at 346 francs 50, by the Comptoir d'Escompte and the Société Générale, similar to those of the loan of 1881, has been quoted, for cash and on account, since January 14, 1885. The quotations are 300 francs.

Different guaranties are assigned to these three loans: stamp tax, tobacco tax, customs at the principal ports, etc.

According to a note which the Hon. Mr. Spiridion Spiliotakis, former deputy and director of the Bureau of Political Economy in the Ministry of the Interior at Athens, has kindly addressed to us, the nominal capital of all the debts contracted by Greece since

her independence has amounted to 778,000,000 millions of francs. The total of expenditures has mounted up to nearly two milliards. Deducting the total of the public debts, there remains over a milliard which the country has expended upon productive works.

XXIV.—TURKEY.

In consequence of the consent of the creditors of the Porte to the conversion of the Ottoman debt into a consolidated and united debt, the Sultan's iradé of December, 1881, decreed the issue of new securities to the amount of £92,225,827.

To these must be added the reduced but inconvertible capital of the Roumelian railroads loan (Turkish prizes) to the amount of £14,211,407, making a total of £106,437,234, instead of the £190,997,980 of the primitive debt.

Up to the end of December, 1885, there had been redeemed £1,540,017. There remains, consequently, a debt of £104,897,217, or 2,622,430,400 francs. In the budget of 1884, the interest and sinking fund of this debt, including the expenses of collecting the revenues devoted to the payment of the debt (25,167,591 Turkish piasters of 0.225 for a special net revenue of 200,818,728 piasters), are estimated at 55,435,645 francs.

According to the budgetary estimates for the financial year 1883. (from March 13, 1883, to March 13, 1884), the receipts are put at 1,631,300,000 piasters (the piaster=0.225), or 367,042,500 francs, and the expenditures at 1,622,301,600 piasters, or 364,962,860 francs.

We may remark that Turkey has only once made public her budgetary estimates, in 1880. Nothing can be known of the official statement of her public finances, and we can only reproduce, in the way of information, the figures of her sole and ephemera budget. The figures we have given above are taken in great part from the *Almanach de Gotha*, and from Mr. P. Boiteau's article in the *Dictionnaire des Finances*. But the estimates are very different in these documents. Mr. Boiteau has estimated the nominal Turkish debt at 2,328,702,112 francs, while the *Almanach de Gotha* puts it at 2,622,000,000. The military expenditures of Turkey are estimated at 200,000,000 in the budgetary project of 1880-1881.

XXV.—BULGARIA.

The principality of Bulgaria has not yet issued any loan in Europe. According to the budget of 1885, the external public debt requires 2,105,004 lei a year, or 2,105,004 francs (1 lei=1 franc). The budgetary receipts amount to 34,899,900 francs, and the expendi-

tures to 35,780,324 francs, making a deficit of 880,424 francs. The war budget calls for 11,675,161 francs, or 33 per cent. of the total receipts, and nearly six times more than the amount of the public debt.

XXVI.—MONTENEGRO.

There are no official publications on the finances of Montenegro; the financial condition of the principality can therefore only be approximately estimated. It is known that the prince has a civil list of 100,000 florins (250,000 francs). The receipts are estimated at 600,000 florins (1,500,000 francs), and proceed chiefly from taxes on land and cattle, from the monopoly of salt, and from duties (4 per cent. of the value of all merchandise imported).

XXVII.—FINLAND.

We are indebted for most of the following information to the kindness of Mr. Ignatius, director of the Finland Bureau of Statistics at Helsingfors.

The grand-duchy of Finland, which possesses a separate constitution and an administration distinct from that of the Russian Empire, has a public debt which amounted, on December 31, 1885, to 65,887,813 Finnish marcs (the Finnish marc is equal to one franc).

This debt has been formed by the following loans:

Internal debt at $4\frac{1}{2}$ per cent. (1872-80)	8,871,600 francs.
External debt:	
Loan contracted in Russia.....	5,440,000 “
Loan made with the house of Rothschild ($4\frac{1}{2}$ per cent.).....	11,728,901 “
Loan with premiums, without interest.....	5,630,637 “
Loan of 1874 at $4\frac{1}{2}$ per cent. (Rothschild & Son of Frankfort).....	18,289,380 “
Loan of 1880 at $4\frac{1}{2}$ per cent. (same)	8,735,649 “
Loan of 1883 at 4 per cent (same).....	9,909,467 “

To recapitulate, allowing for the sums redeemed since the origin of these different loans, the debt of Finland is thus divided:

In $4\frac{1}{2}$ per cents.....	45,734,685 francs.
In 4 per cents.....	14,855,820 “
In premium bills, without interest.....	5,297,308 “
Total.....	65,887,813 francs.

The expenditure on this debt absorbed, in 1885, a total of 5,965,796 francs, of which 4,403,000 francs were for interest, and 1,562,799 francs for the sinking fund.

The budget of the grand-duchy of Finland was established as follows for the year 1885:

The receipts are put at 47,024,721 francs, of which 9,324,775 francs proceed from the balance left from the preceding year. The

domains of the State appear in the receipts for 6,983,100 francs, the direct taxes for 7,426,680 francs, and the indirect taxes for 18,375,000 francs.

The expenditures are estimated at 44,246,211 francs, whence results a surplus of about 2,778,000 francs of receipts over expenditures.

The securities of the Finnish debt have been for the most part sold abroad, especially in Germany. The loan with premiums, in particular, is almost entirely in German hands. It may be estimated that inhabitants of the country possess 30,000,000 francs of the securities of the debt, and foreigners 35,000,000. None of them are held in France.

Since 1870, when the Finnish debt was 45,000,000 francs, the net increase has been 20,800,000 francs.

The loans issued since 1870 have been: the internal $4\frac{1}{2}$ per cent. loan, issued in four series from 1872 to 1880, and the three Rothschild loans for railroads, two at $4\frac{1}{2}$ per cent. and one at 4 per cent., representing together 39,103,700 francs.

The internal loan was issued by public subscription; the others issued in Finland and Germany by bankers.

The only Finnish loans quoted on foreign Bourses are the 4 per cent. railroad loan (1883), which sells in Berlin from 100 to $100\frac{1}{2}$ per cent., and the loan with premiums.

No Finnish security is quoted on the Bourse of Paris.

XXVIII.—RUSSIA.

On December 31, 1885, the total of the consolidated debt of Russia amounted to 18,028,780,918 francs, divided as follows:

Metallic rubles at 4 francs.....	344,198,535	or in francs,	1,376,794,140
Credit rubles at 4 francs.....	3,199,810,207	"	12,799,240,828
Dutch florins at 2 francs 10....	71,222,000	"	149,566,200
Pounds sterling at 25 francs...	125,896,590	"	3,147,414,750
Francs.....	555,765,000	"	555,765,000
General total.....			<u>18,028,780,918</u>

The expenditures, according to the budget of 1886, for interest and sinking fund, require 109,928,980 rubles for debts concluded in metallic value, and 149,716,185 rubles for those concluded in credit rubles, or a total of 259,645,165 rubles, which represent, with their nominal value of four francs, a total sum of 1,038,580,660 francs.

Russia has issued internal and external loans in all forms, in 6, 5, $4\frac{1}{2}$, 4, and 3 per cents. On this subject some further information follows.

All the Russian loans were, up to the last Russo-Turkish war, contracted through Dutch bankers in the beginning of the century; then, from 1820, through English and Dutch bankers, with

the exception of the loans in obligations of the Bank of Russia, which establishment is a State institution. Since 1877 the Russian loans have generally been made in the interior by the Bank of Russia, assisted by Russian bankers as participants. The oriental loans were thus issued.

The loans composing the registered Russian debt are divided into metallic and paper loans. The first category includes the external loans concluded in pounds sterling, Dutch florins, francs, marks, and the external or internal loans in metallic rubles. The second category embraces all the loans in paper or credit rubles.

The metallic ruble or gold ruble (these two expressions have the same meaning) is equivalent to four francs of our money. The paper ruble, or credit ruble, still designated sometimes as the silver ruble, is nominally worth four francs; but this value is subject to the fluctuations of exchange, which are very variable. For the last ten years, and considering the relative importance of the metallic debt and the paper debt, it is estimated that a metallic ruble is equal to one ruble and a half paper.

The registered debt is divided further into loans with perpetual securities, loans with obligations redeemable at a fixed or indefinite period, and lottery loans.

The perpetual loans are comparatively limited in the total of the Russian debt. They consist of the 6 per cents in paper rubles issued in 1817, of which 40,000,000 rubles remain in circulation, and of the 4 per cents in paper rubles, called consolidated of 1859, amounting in capital to 154,000,000 rubles; or, in all, 194,000,000 rubles, which can be neither redeemed nor converted except optionally, the government having expressly renounced the right of redemption at par in the contract of issue. It can only have them redeemed, according to the prices, by the commission of the debt.

There exist also perpetual 6 per cents, gold, issued in 1883, to the amount of 50,000,000 metallic rubles; moreover, metallic 5 per cents for 20,000,000 rubles, and paper 5 per cents for 25,000,000, created and transferred to the bank of the State in 1884. For these last three securities the State has reserved the right of redemption at par, and consequently of conversion, from the year 1893.

The amortization or redemption of the terminable loans is regulated in different ways.

The terminable loans issued before 1860 are endowed, according to the old system, with a fixed sinking fund, which remains the same, while the interest charge continues to diminish, and which is calculated at the rate of 1 to $2\frac{1}{2}$ per cent., according to the loans, so as to operate the extinction in 40, 50, 60 or 100 years by equal fractions of the capital.

Beginning with 1860, the Russian government adopted the modern method of amortization, increasing every year by the accumulation of the interest saved.

The duration of the amortization varies from 37 to 49 years for the various State loans, excepting those called railroad loans, and is prolonged to 75 to 84 years for the railroad loans, the Nicholas obligations, the Tamboff-Saratoff, and the seven series of consolidateds issued to represent railroad bonds. The duration of the amortization in these last cases corresponds to the time the concessions of the railroads have to run.

The terminable debt comprises, further, long-dated treasury bonds, called bonds in series, of which 265,000,000 of credit rubles are now in circulation. These are bills for 100 rubles, bearing 4.32 per cent. interest a year, or 0.36 a month. They were issued in series, redeemable at par at the end of eight years. The treasury takes them at par, plus 0.36 copecks a month for the time since the last coupon was detached. The series redeemed are immediately replaced by others, so that the total of this kind of debt is permanent, and it may be classed with the consolidated debt.

The lottery loans are two in number. They were issued in 1864 and 1866. They have an annual drawing for amortization, distinct from the drawings for prizes. Their duration is 60 years. They will consequently be entirely redeemed in 1925 and 1926, respectively.

The amortization of most of the terminable loans is operated by means of annual drawings; but there are some, as the oriental loans (5 per cent. loans in credit rubles, of 1877, 1878, and 1879), whose securities are redeemed by purchase on the Bourse as long as their price has not reached par, which has been the case thus far.

The unlimited terminable loans are those of which the government reserves the right of redeeming the capital, but is not obliged to do so within any fixed time. Most of these loans have special sinking funds, for which credits are granted according to the years, or which are suspended if necessary. The old 5 per cent. loans of 1820 to 1855, the 3 per cent. loan of 1859, etc., are in this kind.

In 1866, according to the *Journal of the Statistical Society* (year 1867, p. 119), the nominal capital of Russia's debt was estimated at 6,883,278,076, requiring for interest and redemption 257,334,336 francs. The increase of the nominal capital of the debt from 1866 to 1885 exceeds eleven milliards, and in annual interest 780,000,000.

RUSSIAN LOANS QUOTED ON THE BOURSE OF PARIS.

<i>Name of Loans.</i>	<i>Price.</i>	<i>Revenue. Per cent.</i>	<i>Redemp- tion.</i>	<i>Rate of is- sue, pr. ct.</i>	<i>Number of Negotiable Securities.</i>	<i>Period of Amorti- zation.</i>	<i>Time of Drawings.</i>
5 per cent., 1862	96½	5	Par	90.	15,000,000 of pounds st.	.....	....
4 " 1867	86.50	4		61.50	600,000	1868-1950	Aug.
4 " 1869	86.50	4		63.50	555,000	1870-1951	"
5 " 1870	100½	5		80	12,000,000 "	1871-1951	Feb.
5 " 1873	95.	5		93	15,000,000 "	1871-1953	Dec.
4½ " 1875	88¾	4½	"	92½	15,000,000 "	1876-1956	April
5 " 1877	98.25	5		79.60	375,000,000 of francs.	1878-1914	"
5 " 1878	83.	5		93	300,000,000 of rubles.	1878-1927	....
5 " 1879	82.40	5		90½	300,000,000 "	1879-1928	....
4 " 1880	82.20	4		....	150,000,000 "	1881-1960	May
5 " 1881	110.	5	"	92.25	100,000,000 "	1882-1919	....
6 " gold 1883	109.	6		....	50,000,000 "	.....	....
5 " 1884	96.	5		90¼	15,000,000 of pounds st.	1885-1965	Nov.

By consulting this table, it will be seen that since 1870 the Russian loans quoted on the Bourse of Paris are ten in number, representing, both in pounds sterling and rubles, a nominal capital of 5,400,000,000 francs. With the exception of the loans of 1870 and 1873, amounting to a total of 27,000,000 pounds sterling, or 675,000,000 francs, it may be said that the surplus, or nearly five milliards, has been expended upon the preparations and consequences of the Oriental War.

The financial situation of Russia—whatever may be the richness and productivity of the country, as shown by the increase of budgetary receipts since 1870—an increase balancing the expenditures—is therefore very much burdened. To lighten the load of debt various plans for conversion have often been discussed, in consequence of the great rise produced in Russian securities, at the end of 1884. The gradual successive conversion of the metallic loans into perpetual 4 per cents. was considered, as well as the conversion of all the paper loans into metallic securities, and the reduction of the entire Russian consolidated debt to two kinds, bearing the same rate of interest, the one a metallic security, the other a paper security, in imitation of the Austrian funds.

The political complications, the war rumors of the last eighteen months, the depreciation of the paper ruble, and also the fiscal measure of taxing the coupons, have quite put an end to the probabilities and reports of conversion.

We may add finally, that all the Russian loans have been issued either by public subscription or by direct sales to banks and financial establishments.

Let us observe, too, that Russia is the only great country of Europe whose budget is established without the intervention or control of any Parliament. The unity and the publicity of the Rus-

sian budget were established by an organic law of 1862. The budget, drawn up by each ministry so far as concerns itself, centralized and examined by the Minister of Finance and the Special Board of Control of the Empire, is discussed and voted in plenary sitting of the Council of the Empire, and promulgated the 1st or 2d of January of each year by the *Official Journal*. The budgetary year begins with January 1 (old style).

XXIX.—FRANCE.

What is the nominal capital of the public debt of France? This question cannot be answered in a very clear and precise fashion. In fact, the debt of France is composed of perpetual loans, of redeemable loans and obligations, and of annuities. The nominal capital of the perpetual loans only obliges France to a payment of annual interest; the annuities also merely engage the country to pay an annual sum; the amortizable securities and obligations alone represent a redeemable character. The truth is that France is engaged to an annual payment of interest amounting to a certain number of millions; it owes the capital only to the holders of securities redeemable by drawings at dates fixed when the loans are issued.

After making these observations, we are still going to attempt an estimate of the nominal capital of all these debts. In our calculations we shall take as a base the price of 100 francs for the 3 per cent., $4\frac{1}{2}$ per cent., 4 per cent. redeemable, 3 per cent. rentes; we shall estimate at par of 500 francs the Treasury obligations, and we shall capitalize at 4 per cent. the value of the annuities due by the State.

In the tables we publish further on, it will be seen that the $4\frac{1}{2}$, 4, and 3 per cent. rentes amount to 740,093,038 francs.

At the price of 100 francs they represent a nominal capital of.....	20,855,232,750 francs.
The nominal capital of the 142,615,055 francs of redeemable rentes represents a total of....	4,753,835,100 "

Total of the nominal capital of the rentes.. 25,609,067,850 "

The redeemable debt amounts to 385,652,550, from which must be deducted the 142,615,055 francs of redeemable rentes that we have just figured up. There is left, consequently, a total of 243,037,485 francs of redeemable debts. Capitalized at 4 per cent., these debts would represent

A nominal capital of.....	6,075,373,750 francs.
Which, added to the nominal capital of the $4\frac{1}{2}$, 4 per cent., 3 per cent. and redeemable 3 per cent. rentes.....	25,609,067,850 "

Would form for the nominal capital of the debt a total of..... 31,684,441,600 "

But it must be admitted that the figures of 31,684 millions for the

nominal capital of the debt is liable to be disputed. Indeed, all the 3 per cent. rentes, which are worth about 80 francs on the Bourse, and were issued much below this quotation, are immediately made 20 per cent. too large. To have an exact estimate on this point, the examination must be limited to the amount of the annual rentes which the State owes, and if it is desired to know what the increase or diminution of the public debt has been within any definite period, the amount of the rentes issued at the beginning of the period must be compared with those circulating at the moment of the comparison.

Adopting this basis of calculation, we find that, from 1869 to 1887, the consolidated debt has increased 392,729,237 francs; the amount of the capital redeemable under different heads has increased 336,833,517 francs; the life debt has increased 125,360,213 francs.

These three heads, compared with one another, show a total augmentation of 854,922,957 francs, as indicated by the following table:

BUDGET OF 1869 AND 1887 (PUBLIC DEBT).

	<i>Budget of 1869.</i>	<i>Budget of 1887.</i>	<i>Increase.</i>
1. Consolidated debt....	347,363,801	740,093,038	392,729,237
2. Redeemable capital...	48,819,033	385,652,550	336,833,517
3. Life debts.....	85,555,523	210,915,726	125,360,203
Totals.....	481,738,357	1,336,661,314	854,922,957

We pay, therefore, every year in expenditures upon the public debt and the life debt 824,922,957 francs more than at the end of 1869. This is the truth. If now we compare the amount of the rentes inscribed on the Great Book, on January 1, 1871, for example, with January 1, 1886, we find the following results:

<i>January 1, 1871.</i>						
<i>5 per cent.</i>	<i>4½</i>	<i>4½ old.</i>	<i>4½ per cent. new.</i>	<i>3 per cent.</i>	<i>3 per cent. redeemable.</i>	<i>Totals.</i>
—	37,447,732	—	446,096	348,328,515	—	386,222,343
<i>January 1, 1886.</i>						
<i>5 per cent.</i>	<i>4½ old.</i>	<i>4½ new.</i>	<i>4 per cent.</i>	<i>3 per cent.</i>	<i>3 per cent. redeemable.</i>	
—	37,433,232	305,426,849	446,096	363,038,351	119,896,560	826,241,113

On January 1, 1871, the nominal capital of the rentes inscribed in the Great Book represented a sum of 12,454,274,722 francs. On January 1, 1886, the nominal capital of the rentes inscribed in the Great Book represents a sum of 23,728,096,228, or an increase of 11,273,821,506 francs.

With this figure, if the amount of the 3 per cent. and redeemable 3 per cent. rentes created in 1886 be added, we obtain, under the limitations we have expressed, the amount of the increase of the capital of the public debt since the war, or in round numbers about 12 milliards.

This figure of 12 milliards appears to us to be the one nearest

the truth. If we make an abstract of the sums the State has received since 1870, either from loans in rentes, or from various proceeds, or from different alienations, we find that the State has collected :

1.	From loans in 3 and 5 per cent. rentes.....	7,242,210,623	80
2.	“ “redeemable 3 per cent. rentes.....	3,284,580,886	45
3.	“ “bonds.....	508,349,563	39
4.	“ “various proceeds.....	312,582,320	10
5.	“ “different alienations.....	169,902,658	40
Total.....		11,517,626,052	14

The agreement is seen at once between the capital really received and the nominal capital for estimating the increase of the public debt since 1870.

Following will be found the details of the different loans made since 1870: In compiling them we have relied upon official documents. M. Magne's report of October 28, 1873; the tables published by M. Léon Say in his work on the redemption of the railroads; the motives of the different budgets; the reports of Messrs. Dauphin, Rouvier, Jules Roche and Wilson.

We think this table is as complete and exact as possible.

LOANS MADE SINCE 1870.

I.—PERPETUAL RENTES.—REDEEMABLE RENTES.—SHORT-DATED OBLIGATIONS.			
Loan of 750,000,000 in 3 per cents., law of August 12, 1870.....	804,572,181	—	7,242,210,623 80
Loan of 2 milliards in 5 per cents., law of June 20, 1871.....	2,225,994,045	—	
Loan of 3 milliards in 5 per cents., law of July 15, 1872.....	3,498,744,639	—	
Loan Morgan obligations, 6 per cents., law of October 25, 1870.....	208,899,770	—	3,284,580,886 45
Loan of 504,000,000 (expenses included) in 3 per cents., law of May 1, 1886.....	503,999,988	80	
Redeemable 3 per cent. rentes, issue of 1878....	439,878,547	—	
Redeemable 3 per cent. rentes, issue of 1881....	999,967,365	—	508,349,563 39
Redeemable 3 per cent. rentes, issue of 1884....	349,978,889	—	
Consolidation of the floating debt.....	1,199,986,880	50	
Liquidation of the superannuation fund.....	294,769,204	95	65,200,000 —
Short-dated obligations, 1887, 1888, 1889, 1890 (on March 1, 1886).....	466,149,563	39	
Thirty year obligations (1907) balance to be redeemed December 31, 1887..	65,200,000	—	
Total.....			11,035,141,073 54

II.—LOANS UNDER VARIOUS FORMS.

Loan to the Bank, 1,530 millions entirely redeemed*.....	Mémoire.	57,973,567 70
Previous deduction from the surplus receipts of 1869.....		
Previous deduction from the surplus receipts of 1880-1881.....	29,677,000 —	
Payment on the conversion of the Morgan loan. Guarantee of interest redeemed by the railroad companies (1880 to 1883).....	66,839,849 33	312,582,320 10
Premium on issue of sexennial obligations.....	46,649,380 07	
Settlement with the city of Paris of expenses of the Hôtel des Postes.....	1,698,640 —	
Redeemable funds of co-operation: barracks....	846,000 —	100,549,508 —
Funds of co-operation for railroad works prior to 1883 †.....	8,248,375 —	

* See report of M. Wilson, budget of 1887, p. 86, n. 1, 137.

† Id., p. 92.

III.—LOANS BY ALIENATION OF THE NATIONAL CAPITAL.

Alienation of the rentes of redemption.....	108,612,002	—	} 169,902,658 40
Alienation of the rentes of endowment of the army.....	46,661,682	—	
Alienation of sundry real estate of the domain.....	13,544,546	40	
Proceeds of a subscription in 1870-1871 for purchase of cannon.....	499,428	—	
Cession of the Arsenal of Lille.....	585,000	—	} 11,517,626,052 04
General total.....			

What have these 11½ milliards been used for? What has been the cause of the increase of the debt? It is, unfortunately, only too easy to answer. These milliards are the sad result of the war of 1870. The charges of this war are not less than 10 milliards.

Some precise information on this point follows:

M. Magne, in his report of October 28, 1873, addressed to M. Thiers, estimates the costs of the war at	9,287,882,000 francs.
M. Léon Say, in his work on the Redemption of the Railroads (1881) estimates these costs at.....	11,471,411,661 francs.
M. Jules Roche, in his general report on the budget of 1886, estimates (page 80) these same costs at.....	10,880,185,179 francs.
Chargeable.. { To the perpetual debt..... 8,241,708,966	
{ To the redeemable debt..... 2,638,476,225	
{ Amount equals..... 10,880,185,179	

M. Mathieu-Bodet, former Minister of Finance, has estimated the costs of the war at 10 milliards (*Journal des Economistes*, August 18, 1883.)

The difference between M. Magne's figures and those of M. Léon Say is in the expenditures on account of liquidation, which M. Magne could not estimate in 1873, and which M. Léon Say has added to the recapitulatory table at the end of his work of December 15, 1881.

On one hand several milliards have been expended on public works in execution of Freycinet's plans; on the other hand, from 1872 to 1885, important reductions of taxes have been made prematurely, in our opinion; for, while the expenditures increased, the budgetary receipts were diminished; without these reductions of taxes we should not now have such difficulty in balancing our budgets. These reductions were as follows:

In 1877.....	7,448,000
In 1878.....	48,975,000
In 1879.....	53,350,989
In 1880.....	134,736,215
In 1881.....	7,210,000
Total.....	251,720,204

By adding to this total the amount of the reductions of taxes effected in 1872, 1873, 1875, and which foot up 33,272,000 francs, plus the amount of reductions voted in 1884 on the judicial sales and on the exchanges of unimproved rural property, we find that the exact total of the reductions made is 286,496,204 francs. Full details of these reductions may be found in the exposition of the motives of the budget of 1886 (p. 936 and 937).

If a general table were made from 1870 to 1887 to comprise the capital the State has received in the form of different loans and of taxes and the capital it has paid out for the costs of the war, for public works, for reductions of taxes, for various administrative services, the expenses of collecting the taxes, interest due and capital repaid to its lenders, the vitality of our country would be understood and the difficulties of every kind it has surmounted. We shall make but one comparison. Since 1870 the State, as was seen, has borrowed and received 11½ milliards. Now, if to the 286,000,000 of reductions of taxes, we add the interest and redemptions it has paid to its lenders, we find it has disbursed in this way more than 10,300 millions. In effect:

In a table published in the report on the budget of 1886, by M. Jules Roche (pp. 89 and 92), the interest paid from January 1, 1871, to December 31, 1885, on the debt was.....	7,334,208,066 francs.
During the same period the capital redeemed or amortized amounted to.....	2,706,637,824 francs.

The total of interest and capital redeemed or amortized was consequently..... 10,040,845,890 francs.

In this figure are included the sums redeemed at the Bank of France, as follows:

Capital borrowed.....	1,530,000,000
Interest paid.....	80,921,898
Sum paid at the bank	1,610,921,898

How has the State been able to bear up under such crushing charges? How has it found the resources necessary for paying its loans? Solely by taxation. We pay now 1,100 millions more than in 1869.

At the moment we write these lines, the budget of 1887 is not yet voted, and we have only provisional estimates.

The budget of 1887, proposed by M. Sadi-Carnot, March 16, 1886, was as follows:

Receipts.....	3,142,687,567 francs.
Expenditures.....	3,140,994,820 "
Surplus.....	1,692,747 "

The commission of the budget in its first report, No. 1,137, estimates the receipts at 3,016,485,142 francs, and the expenditures at 3,014,791,557 francs.

In its second report, the commission of the budget estimates the receipts at 2,966,579,242 francs, and the expenditures at 2,964,887,530 francs, or a surplus in receipts of 1,691,712 francs.

If we adopt these figures, we find that the general total of the ordinary ways and means of the year 1887 is estimated by the commission of the budget (report of M. Wilson, January, 1887), at.....	2,964,887,530 francs.
The ordinary receipts of the budget of 1869 (<i>Bulletin de Statistique</i> , 1883, p. 554), having been.....	1,864,752,236 " 82
increase.. ..	1,100,135,293 francs 18

As we pay at present, as was shown above, 854,922,957 francs more than in 1869 for the expenditure on the public debt and the life debt, we may say that this augmentation of the debt absorbs nearly 80 per cent. of the 1,100 millions of new resources which it has been necessary to create since that time.

We have said that on January 1, 1887, the expenditure on the public debt, the redeemable and life debts, called for 1,336,661,314 francs. According to our budgets, these different chapters were thus composed :

CONSOLIDATED DEBT.

Rentes $4\frac{1}{2}$ per cent. new fund (law and decree of April 27, 1883) ..	305,540,359	francs.
" $4\frac{1}{2}$ per cent. old fund (decree of March 14, 1852)	37,433,232	"
" 4 per cent., law of June 19, 1828	446,096	"
" 3 per cent., law and ordinance of May 1, 1825	396,673,351	"
Total	740,093,038	"

DEBT REDEEMABLE IN TIME OR BY ANNUITIES.

Interest and amortization of the short-dated obligations	86,500,000	francs
Rentes 3 per cent., redeemable by annuities (law of June 11, 1878 ; decree of July 16, 1878)	142,615,055	"
Interest and amortization of the thirty years obligations (laws of June 23, 1857, June 29 and July 4, 1861, law of December 29, 1876, decree of June 22, 1877)	6,633,400	"
Interest and amortization of obligations issued for the completion of parochial roads and the building of schools	10,437,000	"
Interest of obligations issued for guarantee of interest to railroad companies	2,300,000	"
Interest and amortization of loan contracted by Sardinian Govern- ment for improvement of the thermal establishment of Aix	35,900	"
Redemption of canal concessions	3,664,608	"
Annuities to railroad companies	32,600,822	"
Annuity to Algerian Co.	4,997,765	"
Annuities to departments, cities and communes, payment of war damages	17,419,750	"
Annuities to repair damages caused by military engineering	1,840,250	"
Annuities to communes, costs of barracks	7,988,000	"
Annuity to Company of the East	20,500,000	"
Annuities of conversion of the Morgan loan	17,300,000	"
Annual dues to Spain for delimitation of the frontier of the Py- renees	20,000	"
Interest of the floating debt of the Treasury	22,000,000	"
Interest on capital of security	9,400,000	"
Total of redeemable debt	385,652,550	"

The life debt, including civil and military pensions, amounts to 210,915,726 francs. The expenditure on the public debt requires therefore, 1,336,661,314 francs, namely :

1. Consolidated debt	740,093,038	francs.
2. Redeemable debt and annuities	385,652,550	"
Life debt	210,915,726	"
Amount	1,336,661,314	"

To recapitulate, and to conclude this chapter of the public debt of France, which we have endeavored to make as complete as pos-

sible, following the same order as in our accounts of the debts of other countries:

1. The nominal capital of the public debt, with the limitations we have mentioned, and without taking into account the life debt may be estimated at 31 milliards.

2. Since 1870 the increase of the nominal capital of the debt has been 12 milliards.

3. The expenditure on the public debt and life debt requires, January 1, 1887, 1,336,661,314 francs, or an increase of 854,922,957 francs over the budget of 1869.

4. The loans issued by France have been made in 6 per cents. (Morgan obligations), in 5 per cents., converted in 1883, in 4½ per cents., in 3 per cents., in redeemable 3 per cents., in obligations at thirty and six years and Treasury bonds.

The amount of the different loans, made since 1870, exceeds 11½ milliards, on which France has already paid for interest and amortization more than 10 milliards.

5. Nearly all the French rentes are in our country. It is to be desired, as we shall express the wish in concluding this work, that various measures should be adopted to have our rentes quoted and negotiated in all the foreign markets.

The French rentes are scattered among the smallest holders. On January 1, 1882, there were 3,867,801 inscriptions of rentes, representing an annual rente (interest) of 743,315,760 francs, or an average of about 200 francs of rentes for each inscription. In this number were counted 113,881 departmental subscriptions; 246,292 notes of mixed rentes; 2,443,364 notes of rentes to bearer; 989,894 inscriptions belonging to different owners.

6. No French loan has received any special pledge upon any tax or revenue whatever; the French loans and all our public debt are guaranteed by the general resources of the budget, as they are shown in the annual accounts, submitted to the public bodies, discussed, and sanctioned by them.

Let us add, finally, that when the situation of our public finances is studied, the immense reserve of riches and resources must not be forgotten, which the State will later have at its disposition from the proprietorship of all the railroads.* This property now represents, according to the balance-sheets of the companies, a value of 12 milliards, and of about 16 milliards according to the prices of the stocks and bonds quoted on the Bourse.

* See, for details on this subject, the *Rentier* of June 27, 1885. "The Railroads and the Public Debt." See also our work on the "Development of Personal Property and French Savings from 1871 to December 31, 1884," *Rentier* of January 27 and February 17, 1885.

GENERAL RESUMÉ AND CONCLUSION.

I. Increase of public debts since 1870. II. Expenditure for war, navy, and interest on debts. III. Conversions of securities abroad and in France. IV. Lowering of the rate of interest on money since 1870. V. Modes of issue and kinds of securities employed by borrowing governments. VI. On the distribution of foreign public funds among French holders. VII. On the quotation and negotiation of French rentes on foreign Bourses. VIII. War, ruin or industrial and economic revolution.

I.—INCREASE OF PUBLIC DEBTS SINCE 1870.

In this long enumeration of figures, what first strikes the mind is the considerable increase of the public debt of European States since 1870. This debt amounted to about 75 milliards in 1870; it attains 115 milliards in 1886. The increase is not less than 40 milliards.*

We have designedly taken this date of 1870, which reminds us of the greatest misfortunes our country has ever endured, the heavy charges which were the consequence of the war, the burden that weighs upon us all. The war of 1870 has cost France over ten milliards; without it we should not be overloaded with crushing taxes, and no people would more easily support the weight of its public debt.

No country, indeed, has suffered such great disasters as ours; not one has had an indemnity of 5 milliards to pay to a foreign country; not one has had to reconstitute its military power, its war materials; not one has had, so to speak, to make over the entire country itself. And yet what do we see? With the exception of England, which, by sundry redemptions of annuities, has been able to dimin-

* According to the Journal of the *Société des Statistique* (April, 1867), the public debt of Europe amounted, in 1865-1866, to the following figures:

Total expenditures of the budgets.....	10,508 millions.
Capitalization of the debts.....	66,013 “
Interest and amortization.....	2,438 “

The population of Europe was estimated at 291,738,379 inhabitants; the debt per inhabitant represented 226 francs 30.

M. Paul Boiteau, in his article on the general budget of the State, inserted in M. Léon Say's *Dictionnaire des Finances*, has collected, under the title of “European Budgets,” most of the budgets of the continent, and to facilitate their study he has placed opposite the estimated amount of expenditure for 1885 the amount of the consolidated and other debts that burden the assets of the different States, as well as the amount of the military expenditures, and those on the debt and amortization. He obtains the following figures:

Total estimates of annual budgetary expenditures.....	18,848 millions.
Capitalization of consolidated debts, redeemable debts, different annuities, etc.,	108,431 “
Expenditures on the debts and amortization.....	4,864 “
Military, war, and naval expenditures.....	4,439 “

These figures may be compared with those we shall give later.

ish its debt by 1,350 millions, with the exception of Denmark, which, by fortunate conversions, has been able to reduce its debt by twenty millions, all the countries have, since 1870, incurred debts in enormous proportions. Here are some precise figures on this point. We arrange the States in the order of the increase of their debts since 1870.

INCREASE OF THE NOMINAL CAPITAL OF SEVERAL PUBLIC DEBTS SINCE 1870.

France.....	12,000 millions.
Russia*.....	11,000 "
Prussia.....	3,217 "
Italy.....	3,132 "
Hungary.....	2,249 "
Austria.....	1,770 "
Spain.....	1,300 "
Belgium.....	1,089 "
Roumania.....	701 "
Germany.....	526 "
Saxony.....	388 "
Greece.....	270 "
Servia.....	244 "
Württemberg.....	194 "
Sweden.....	181 "
Hamburg.....	24 "
Finland.....	20 "

The increase of the nominal capital of European public debts, amounting since 1870 to about 40 milliards, has caused an increase of the annual interest and amortization of the loans contracted, an increase of the total expenditures of the budgets, an additional burden of taxation. How much better off we should be, if we did not have to pay every year the heavy taxes that burden our commerce and industry, and which, added to the costs of production, make competition with our products so much the easier? In due proportions the countries of Europe suffer, like us, from these heavy burdens that in all countries oppress the tax-payers. It is war, always war, that is swelling the budgets. Within sixteen years the war and marine budgets have cost France more than 11 milliards, that is, over 700 millions a year; Germany and Russia have expended no less than ten milliards each during the same period, Austria and Italy almost the same amount. Here are five great countries, which, in view of a probable war, expended every year from 500 to 900 millions during the last sixteen years. What would war itself cost them?

The European States pay annually, for their war and marine expenditures, nearly the same sums as for the interest and amortization of their debts. According to the last budgets, as the figures show which we publish further on, the war and marine cost Europe 4,528 millions, while the interest and amortization of the public debts require 5,343 millions. This is the statement:

* Increase since 1866.

II.—EXPENDITURES FOR WAR, NAVY, NOMINAL CAPITAL, AND INTEREST OF DEBTS.

<i>States.</i>	<i>Financial Years.</i>	<i>Nominal Capital of Debt.</i>	<i>Annual Interest and Amortization.</i>	<i>Annual Expenditures, War and Navy.</i>
		<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>
Prussia.....	April 1, 1886....	4,814	220	539.1
Germany.....	Dec. 31, 1886....	526	20.1	
Austria.....	Dec. 31, 1884....	9,288	389.9	
Hungary.....	—	3,178	206.8	342
Wurtemberg.....	Dec. 31, 1885....	525	21.5	
Saxony.....	—	800	33.2	
Hamburg.....	Dec. 31, 1883....	178	8.7	—
Bavaria.....	April 1, 1886....	1,790	61.1	—
Baden.....	Dec. 31, 1885....	53	2.1	—
German States.....	—	268	11	—
Italy.....	—	11,131	532	342.5
Sweden.....	—	345	16.4	35.5
Norway.....	June 30, 1885....	151	6	18.3
Denmark.....	Dec. 31, 1885....	274	12.4	23
Netherlands.....	—	2,260	69.5	69.5
Belgium.....	—	1,771	86.5	45.6
Spain.....	July 1, 1886....	6,042	274.1	200.3
Portugal.....	—	2,821	89.3	39.3
England*.....	March 31, 1885..	17,829	737.5	740.2
Switzerland.....	Jan. 1, 1886....	32	1.8	17.1
Servia.....	June 13, 1886....	244	13.7	16.2
Roumania.....	April 1, 1887....	729	59.2	28.5
Greece.....	Jan. 1, 1886....	348	33	23
Turkey.....	1880-1881.....	2,622	55.4	200
Bulgaria.....	Jan. 1, 1885....	—	2.1	—
Finland.....	Dec. 31, 1885....	65	5.9	6.1
Russia.....	—	18,028	1,038	982.4
France.....	Dec. 31, 1886....	31,000	1,336	859.5
Totals.....		117,112	5,343.2	4,528.1

In what enormous proportions might not the public debts of all Europe be reduced, if war expenditures did not absorb every year more than 85 per cent. of these same debts? All the European powers have financial embarrassments; all, or nearly all, of them are increasing or need to increase their taxes. All, without exception, are making considerable armaments. This situation presents the gravest dangers, and yet more than ever the maintenance of peace is necessary to Europe for the consolidation of its credit, the improvement of its financial condition, and for giving growth and confidence to commerce and industry.

III.—CONVERSIONS OF SECURITIES ABROAD AND IN FRANCE.

And yet, notwithstanding the burdens of every kind weighing upon the States, the securities of these same countries were nearly

* According to a note of the Hon. Mr. Hancock, of the Statistical Society of London, from the end of March, 1884, to the end of March, 1885, England pays £22,000,000 for interest and £7,000,000 for sinking funds, or a total of £29,500,000.

all negotiated during the year 1886 at higher prices than have been quoted since 1870. Thanks to the abundance of capital and the lowering of the rate of interest, not only have the public funds risen in value, but considerable progress has been made in financial matters.

States, as well as cities and industrial or financial establishments, do not hesitate to carry on, upon a very large scale, operations which they would scarcely have dared to conceive of less than thirty years ago.

To-day, States, whose financial power has always been relatively restricted, are able to contract loans far exceeding those which, but a short time since, rich nations would only have ventured with apprehension.

All the combinations possible in public finances, which long remained in the domain of theory, have entered fully into practice and are currently realized. Many economic and financial prejudices have been dissipated; many principles, still contested a little while ago, have triumphed and made their way.

Credit has acquired an unprecedented force of expansion; the public funds, personal property, have become more and more distributed, more common, more democratic in a certain sort. Their great facility of circulation, mobility, diffusion, accessibility to all fortunes, small or large, have assured them a favor which may be deemed excessive, but which is, in certain points of view, quite justified. This rise of personal property has caused a veritable revolution in the financial conditions of the existence of nations.

Loans, consolidations of debts, conversions, are operations that have become familiar to even the smallest States. And it is quite strange that France, after having taken the initiative with England in some great financial reforms, has been for several years the most timid among nations to realize the happy, legitimate, profitable combinations, which the power and solidity of her credit make so easy to her.

Nothing, indeed, is more curious to observe around us, than the numerous conversion operations already successfully accomplished or in course of preparation. If certain States may be reproached with too great a propensity to borrow, it must certainly be recognized, that most of them take care, too, to borrow at the lowest possible price. As soon as their credit is extended and improved, they try to replace the old, costly, burdensome debts by lighter debts contracted at a lower rate. Financial powers of the second and third class now set us the example. In this order of ideas and facts, it is certainly not altogether useless to examine how recent conversions have been effected, and to indicate the various proceedings thus far employed.

Since 1870, two French public funds have been the object of a conversion: the Morgan loan and the 5 per cent. rente. The way they were effected may be remembered: the holders of the Morgan 6 per cent. obligations were offered the same revenue in a 3 per cent. rente, in consideration of a payment of 124 francs per obligation. The holders of 5 per cent. rentes had to choose between the redemption at 100 francs of their rentes and exchange for a new $4\frac{1}{2}$ per cent. rente inconvertible before a period of ten years, which expires in 1893.

Belgium has made three conversions: its $4\frac{1}{2}$ per cent. has become 4 per cent., then 3 per cent. For the first operation it had direct recourse to a syndicate of bankers, who took charge of the sale of the new rente, while the State looked after the withdrawal of the converted rente. For the second conversion the Belgian Government wished to operate alone and to issue directly its new rente: it did not have all the success desired, and was obliged, after some unfavorable attempts, to accept the co-operation that had been previously given.

Very recently, as was seen in the course of this study, Belgium has accomplished a third conversion by converting its 4 per cents. into $3\frac{1}{2}$ per cents. This operation, carried through directly by the Treasury, was entirely successful.

Sweden has also successively transformed its $4\frac{1}{2}$ per cents. into 4 per cents. and into $3\frac{1}{2}$ per cents. by recurring to the help of great banking houses. The latter issued the new Swedish security in foreign markets, while the State managed the withdrawal of the old securities.

It is evident that the intervention of syndicates and financial companies is almost the only means for such small States as have no national market. It is certain that Roumania, for example, could not have accomplished the conversion of its 6 per cent. debt without the aid of the powerful houses which it called upon. They sold the new security, while the State redeemed the old one.

Spain, at the time of its recent conversion of the Cuban loans, called upon a group of bankers; it had an understanding with them concerning the price of the new security, and with the proceeds of the new loan, redeemed the old debts contracted at a higher interest.

The great States, nearly all of which have important financial markets, do not always feel sure enough of their own strength to disdain the aid of banks and institutions of credit. Without these high influences no important credit operation could, perhaps, acquire an international character and obtain the participation of foreign markets. Also all the conversions operated in large proportions have only been so with the participation of syndicates.

Hungary has accomplished the conversion of its 6 per cents. into gold 4 per cents., and it is just now preparing an operation of the same kind for other debts. Here, the allied bankers have taken charge both of the sale of the new security and of the retirement of the old one. The redemption at par only became obligatory for the holders of the Hungarian 6 per cents. at the end of the operation, which was effected in duly arranged fractions. The law, fixing the conditions of this conversion, was conceived in almost the same terms as the project we formulated in August, 1876,* with a view to the eventual conversion of the French 5 per cents.

In Germany the conversions of Prussian, Bavarian, and Wurtemberg funds have been operated by the issue of loans, whose proceeds have been used in the redemption of the old securities.

Of foreign countries it remains for us to note above all the example of the United States, which, with wonderful skill and perseverance, have accomplished successive conversions under the most fortunate and favorable conditions, without ever allowing private individuals to suffer by these repeated transformations. Thanks to the foresight with which the Americans put forth their bonds in series, partial conversions have been able to succeed one another rapidly; and within a few years 6 per cents. have been changed into 5 per cents., then into 4 per cents., then into 3 per cents. The United States have directly accomplished these numerous operations in their own markets, and in foreign countries with the aid of great banking houses.

But, besides the examples other nations have given us, we might recall those which our French departments and our own cities have offered to us under various forms. There we find some very praiseworthy efforts and very varied combinations. We have seen cities recur to the redemption at par of old debts and to more advantageous loans to lighten their burdens, some addressing themselves to the public, others assuring themselves of the support of syndicates, others treating directly with the *Crédit Foncier* of France, which guaranteed them at a maximum rate the capital they needed to redeem a previous debt contracted at a higher rate.

We have seen finally, still nearer us, the *Crédit Foncier* of France profit, for its own account. and to the great profit of its numerous borrowing customers, by the lowering of the price of money, and convert obligations involving a high annuity into those with a notably smaller annuity. This operation was accomplished with great simplicity; the holders of the obligations to be converted had the preference in the subscription for the new obligations;

* See our study: "*La Conversion de la Rente 5 per cent.*" Paris, published by Dentu, 1876.

they were free not to avail themselves of it, but were duly notified of the approaching and obligatory redemption of the old securities.

Thus the nations around us, and our own provinces, cities, and institutions of credit, have promptly and successfully practiced, under the most varied forms, conversions that have all been profitable. At the present moment some great operations of this kind are in prospect. There is no doubt, indeed, but that England is preparing a new conversion of its consols, whose price is above par; as soon as a propitious occasion arrives, the transformation will be made. In Italy the conversion of the 5 per cents. is now in the order of the day, and it will not be long before it is realized. The Government is already preparing a plan for converting several redeemable debts, and offers $4\frac{1}{2}$ per cents. in place of 5 per cents.

It is to be remarked that all these conversions of securities, which have diminished the interest paid by the States to their lenders, have not at all diminished the burdens of these different countries. To be just and equitable, every conversion should have, as a consequence, a reduction of the taxes. But this has not been the case. Take all the budgets of the countries that have effected conversions; compare the figures of the public expenditures and taxes with those inscribed before and after the conversions, and you will everywhere find an increase of expenditures and taxes.

It should be remarked also, that nearly all these conversions were only successfully realized because the great banks intervened and gave their aid. It must be said that all these operations were facilitated by the constantly increasing abundance of capital, and by the reduction of the rate of interest, in consequence of this abundance of capital.

IV.—LOWERING OF THE RATE OF INTEREST ON MONEY SINCE 1870.

Since 1870, and especially since the day, September 4, 1874, when, for the first time after the war, the 5 per cent. rente was quoted at par, or 100, great changes have taken place in French and foreign markets in the rate of capitalization. Successively, from year to year, slowly at first, then more rapidly, securities of the first-class and safety dropped from 5 per cent. interest to $4\frac{1}{2}$ per cent.; securities of the second class, bringing in $6\frac{1}{2}$, 7, and 8 per cent., dropped to 5 per cent., and even lower. In proportion as the capital of these securities increased, their revenue naturally became less.

Immediately after the war a capital of 100,000 francs invested in 5 per cent. rentes would have produced 5,500 to 6,000 francs rente. The same capital now, invested in French 3 per cent. rentes, would hardly produce 3,700 francs.

Since 1870, the American 6 per cents. have disappeared; converted at first into 5 per cents., then into 4 per cents., they are now 3 per cents., and awaiting a new conversion into $2\frac{1}{2}$ per cents.

The Belgian $4\frac{1}{2}$ per cents., German funds, such as the Baden, Bavarian, Wurtemberg, 5 per cents., etc., have given place in the lists of quotations to securities of lower revenue, to $3\frac{1}{2}$ and 3 per cents. that have reached par.

All over Europe the 4 per cents., which were created in place of the 5 per cents., are at par and even above, or have been exchanged for $3\frac{1}{2}$ or 3 per cents.

Foreign funds, exotics, as they are called on the Bourse, are now attaining the average rate at which European bonds of the second class were formerly negotiated. The English quotations give us some curious examples in this respect.

But ten years ago the Japanese 7 per cents. were worth 100 francs at the end of 1876, and now they are worth 113; the Argentine 6 per cents. of 1868 were worth 60 at the same date, and are now quoted at 101 to 102; the Brazilian 5 per cents. were worth 87 to 88 at the end of 1876, and are now at 103, three points above par.

The Italian 5 per cents., which give net only 4.34, were worth 72 francs at the end of 1876; lately they were at 102 francs, and even above, that is 20 francs dearer than the price at which we issued in 1871 our French 5 per cent. rente.

The Roumanian 5 per cents., which were worth 40 francs at the end of 1876, and which consequently gave a revenue of 8 per cent., sell for over 90. It is estimated, therefore, that the credit of Roumania is now at a higher point than our own credit was in 1871 and 1872, since in these two years France issued her 5 per cent. rentes at 82.50 and 84 francs 50.

The Austrian gold 4 per cents., quoted at 89 to 90 francs, and which a short time since were even sold at 96 and 97 francs, are even higher than our French rentes were in 1871. The Hungarian gold 4 per cents. have gone up to 88 in these last months, while we have issued French 5 per cents. five and six francs lower.

The difference of the prices of the principal government funds, quoted on December 31, 1869, and December 31, 1886, is as follows:

	<i>Dec. 31, 1869.</i>	<i>Dec. 31, 1886.</i>
French 3 per cents.	70.05	82.20
Italian 4.34 per cents.	57.30	101.85
American 6 per cents.	84	134 (the 4 per cents).
Belgian $4\frac{1}{2}$ per cents.	102 $\frac{1}{2}$	95.40 (the 3 per cents).
Russian 5 per cents., 1862. .	85	96
English 3 per cent. consols..	92 $\frac{5}{8}$	101 $\frac{1}{2}$

V.—MODES OF ISSUE AND KINDS OF SECURITIES EMPLOYED BY BORROWING GOVERNMENTS.

We have just shown how the conversions effected by the principal States have been realized, and how the fall in the rate of interest and the abundance of capital have facilitated these operations. It may be useful to notice how different countries make their loans. From this comparative study of the European debts, the variety of securities issued has been seen. England has 3 per cents., $2\frac{1}{2}$ per cents., terminable annuities; Austria has metallic 4.20 per cents., gold 4 per cents., paper 5 per cents., silver 5 per cents., lottery loans without interest. Belgium has had $4\frac{1}{2}$, 4, 3 per cents. Russia has issued loans in the form of 6, 5, 4 per cents.; Holland has $3\frac{1}{2}$, 3, $2\frac{1}{2}$ per cents.; Italy has 5 per cents., 3 per cents., and has just decreed $4\frac{1}{2}$ per cents.; Norway has $4\frac{1}{2}$, 4, $3\frac{1}{2}$ per cents.; Portugal has 5 and 3 per cents.; Prussia has 4 and $3\frac{1}{2}$ per cents.; Roumania has 7, 6, 5 per cents.; Saxony, $3\frac{1}{2}$ and 3 per cents.; Sweden, $4\frac{1}{2}$, 4, $3\frac{1}{2}$ per cents.; Würtemberg, $4\frac{1}{2}$, 4, $3\frac{1}{2}$ per cents., etc. Among the colonial funds we find the 5 per cents. of New Zealand, the Quebec 5 per cents., the Queensland 6 per cents., the India $4\frac{1}{2}$, 4, and $3\frac{1}{2}$ per cents., the 4 per cents. of Canada, Jamaica, Tasmania, the Victoria 5, $4\frac{1}{2}$, 4 per cents. What do we learn from these facts? That it is impossible to say, absolutely, that it is neither scientifically nor practically proved that it is preferable for a State to borrow only with one kind of securities, and that a variety of securities may injure their value. The truth is that it is with States as with individuals; the best mode of borrowing is that which costs the least and procures the greatest amount of money. It may be useful to borrow in the form of bonds or of rentes, in 4 per cents. or 3 per cents., in 5 per cents. or $4\frac{1}{2}$ per cents. It is a question of opportunity and judgment. All governments have chosen the form of loan most advantageous to the interests of all, without limiting themselves to the issue of but one kind of security determined upon in advance.

It is the same with the mode of issuing loans. At the time of the Crimean War, France generalized the system of public subscriptions. Before 1852, great banking houses made offers for the Government loans, and afterwards disposed of the securities among their customers; later, the governments appealed directly to the money of the public, without using bankers as their agents. Considerable modifications have, however, been made in the system of subscriptions. We see England make appeals to credit by public auction for its colonial and municipal loans. It offers 4 per cent. interest for example; it agrees to supply first the demands of those

who will be satisfied with a smaller interest. This system favors the least exacting subscribers, does not discourage the public by undeserved disappointments in the distribution, and allows the borrower to obtain the most favorable conditions; this manner of subscription makes the loans least burdensome to the borrowers. The other methods of loans used by governments are fixed or optional sales to bankers and credit establishments. Several States have merely requested banking houses to issue the loans they desired to make for a commission. With the exception of England and France, nearly all the European governments still deal with syndicates of bankers for their emissions.

VI.—ON THE DISTRIBUTION OF FOREIGN PUBLIC FUNDS AMONG FRENCH HOLDERS.

In the course of this study we have striven to know the approximate amount of foreign funds belonging to citizens of our country. The figures we have quoted were given us by the ministers of finance and the directors of statistics of foreign governments; but they need completion, and no authority could better obtain and group further data upon this important subject than our Superior Council of Statistics.

With rare exceptions, and except under particular circumstances, such as the rise or fall of the price of exchange on international securities, French capitalists possessing foreign funds do not collect the amount of their interest coupons abroad; they apply to French bankers and credit establishments to get the money for their due coupons.

We are sure that Messrs. Rothschild, the Bank of Paris, the Société Générale, the Comptoir d' Escompte, the Crédit Lyonnais, the Crédit Industriel, and all the bankers—who have a special license for making payments on foreign coupons—could easily answer questions put to them by the Superior Council of Statistics.

It is not for mere curiosity that such documents should be published. Financial and fiscal questions must more than ever take the precedence of political questions. What our legislators and most of our political men know the least is the exact situation of the public fortune of France, the amount and power of its savings, the nature and figure of its investments either in French or foreign funds. To this want of knowledge must be attributed many of the fiscal, economic, and financial errors that have been committed in the establishment, increase, and suppression of such and such a tax in preference to such and such another one. At a time when there is some question of taxing rentes, foreign funds belonging to Frenchmen, incomes, etc., this sort of information is indispensable

if dangerous errors are to be avoided. In our opinion the Superior Council must not hesitate to throw light upon these special questions. We cannot too much insist upon this point, that the efforts and labors of the eminent men belonging to the commission should be directed to the Department of Financial Statistics.

VII.—ON THE QUOTATION AND NEGOTIATION OF FRENCH RENTES ON FOREIGN BOURSES.

We must also mention a reform that we have often called for, and which will no doubt seem of use, when we consider the importance of the foreign loans contracted in France. With the exception of the German funds, all the foreign government funds, all the principal foreign securities are quoted on our Bourse; all the foreign governments have made an appeal to French capital. Now, none of our French rentes are quoted in Vienna, St. Petersburg, Stockholm, Christiania, Rome, Florence, Madrid, Lisbon, or Athens. Our 3 per cents. are quoted in London, Brussels, and Amsterdam. And that is all. This situation deserves attention.

The affluence of foreign government funds into the French market, the facility with which they are sold and negotiated in there, are financial facts revealing a tendency of capital, against which it might be very difficult to attempt a sudden and violent reaction.

It is certainly to be regretted that our citizens should become the creditors of States whose solvency and credit are doubtful. It is no less unfortunate that the capital slowly accumulated by saving men in our country should be replaced by foreign securities devoid of serious guarantee.

But, on the other hand, there can be no harm, and it is even necessary and useful, from a financial and economic point of view, that nations, honest and known as solvent, should be debtors of ours. There can be no harm in having French capitalists at a given time hold a certain quantity of good foreign paper, well and duly guaranteed, and easily realizable.

It may be understood, however, that there is a certain international financial balance, which cannot be broken without inconvenience. It is easy to understand the danger there would be for France in having only debtors and no creditors abroad, in always absorbing paper and never giving out any, in saturating herself with foreign securities, while she does not sell a nearly equivalent quantity of French securities in other countries. The danger may be measured, finally, which our country would incur whenever the nations around us would gain more by our ruin than by our

prosperity. Even from a political point of view these considerations are not without weight.

Politically, as well as financially, it is therefore wise and desirable to interest Europe in our progress, in our national development, in our economic future. One of the most efficacious means of attaining this result is to sell to foreign capitalists the greatest possible quantity of French rentes and securities. It may, perhaps, be said, that this expansion of French funds will be naturally accomplished, thanks to the great confidence other nations have in the credit of France. So that it is only necessary to let time, foreign capital, and the wisdom of nations work, to be assured of a result so desirable for our future.

This reasoning is excellent logic, and may appear very solidly based in theory. It is absolutely vain if not justified by practice. Now, unfortunately, it is not so justified.

It is not enough to say to other nations: "I, France, am issuing a rente, offering all guarantees, full security. Take it; there is nothing better. You know my riches, productive powers, my love of work, my recognized honesty. You know that I have always paid and paid well; you know how, even in the most critical circumstances, I have been punctual in fulfilling my engagements. Take my rente! What better funds have you? What better investments? What more profitable and surer use for your money?"

Such a discourse would be entirely just and exact. Everybody is aware of these truths, and we should only have to preach to converts.

But, for the foreigner to take much of our government funds, he must know where to go to find and buy them, and where to sell them if necessary. They must be rendered accessible to all the capitalists of Europe, and easily negotiable everywhere.

Now, it does not seem to us that this has been sufficiently attended to. As we have said above, our French rentes are not quoted on foreign bourses. In recent years we have issued some large loans, notably in redeemable 3 per cent. rente. It may be said that, at present, this rente is almost unknown in the great financial markets of Europe. This is a mistake, a serious negligence, which we should hasten to remedy. We ought to do for our rentes what other nations do for their government funds, which they take so much pains to make known to us, and which they put into all the European markets.

VIII.—WAR, RUIN, OR INDUSTRIAL AND ECONOMIC REVOLUTION.

But what is most evident from the work we have undertaken is, in our opinion, that all Europe, with the weight of military

expenditures and burden of public debts and taxes crushing it, is marching, if it perseveres in this course, toward war, ruin, and a veritable industrial and economic revolution. Whatever the pessimism of such a conclusion may be, we cannot pass over our impressions in silence. The peace of Europe is, to tell the truth, only a state of latent war, and this situation, apparently the ordinary condition of the old continent, weighs upon the civilized world in two ways: on the one hand, it takes a large portion of the capital accumulated by the annual savings and labors of all to support soldiers, buy guns, cannons, munitions, build fortresses and ships; on the other, it prevents the use of this enormous capital for the development of commerce, industry, and the materials of production, for the diminution of the general expenses of the nation. The fear of, and the preparations for, war become as harmful and as costly as war itself. The finances of Europe are so involved as to make one fear lest they should fatally lead on the governments to ask whether war, with its terrible eventualities, is not to be preferred to the maintenance of a precarious and costly peace. If it is not war that comes as an end to the military preparations and armaments of Europe, it may be, as Lord Stanley said twenty years ago, "the bankruptcy of the States." If such madness does not lead to war or ruin, it must assuredly be to an industrial and economic revolution.

Old Europe is struggling against the competition of young and rich countries, producing with greater profit. Beyond the ocean there is a powerful republic, America, which has been able to extinguish a debt contracted for the necessities of a great cause; it offers to the whole world the spectacle of unprecedented prosperity. Recently President Cleveland's message at the opening of Congress showed an actual embarrassment of riches. In Asia all the nations are beginning to profit by the discoveries and progress that Europe has made, and as in these countries the price of labor and public taxes are almost nothing, all Europe will feel more and more every year the effects of the appearance on the commercial and industrial stage of these nations, who have not to pay annually four and a half milliards for war expenses and more than five milliards for the interest on their public debts.

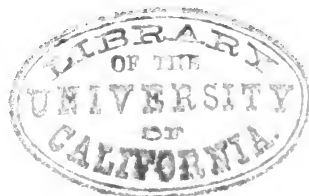
Gen. von Moltke said recently in the Reichstag that "in the long run, nations would be unable to support military burdens." He might have added, that the day the people understand all that war costs them, even when it remains as a mere danger of war, whenever they come to consider the growing mass of interests that progress is ever throwing on the side of peace, the governed will that day know how to dictate their will to their governors. The forty-one milliards increase of Europe's public debts since 1870,

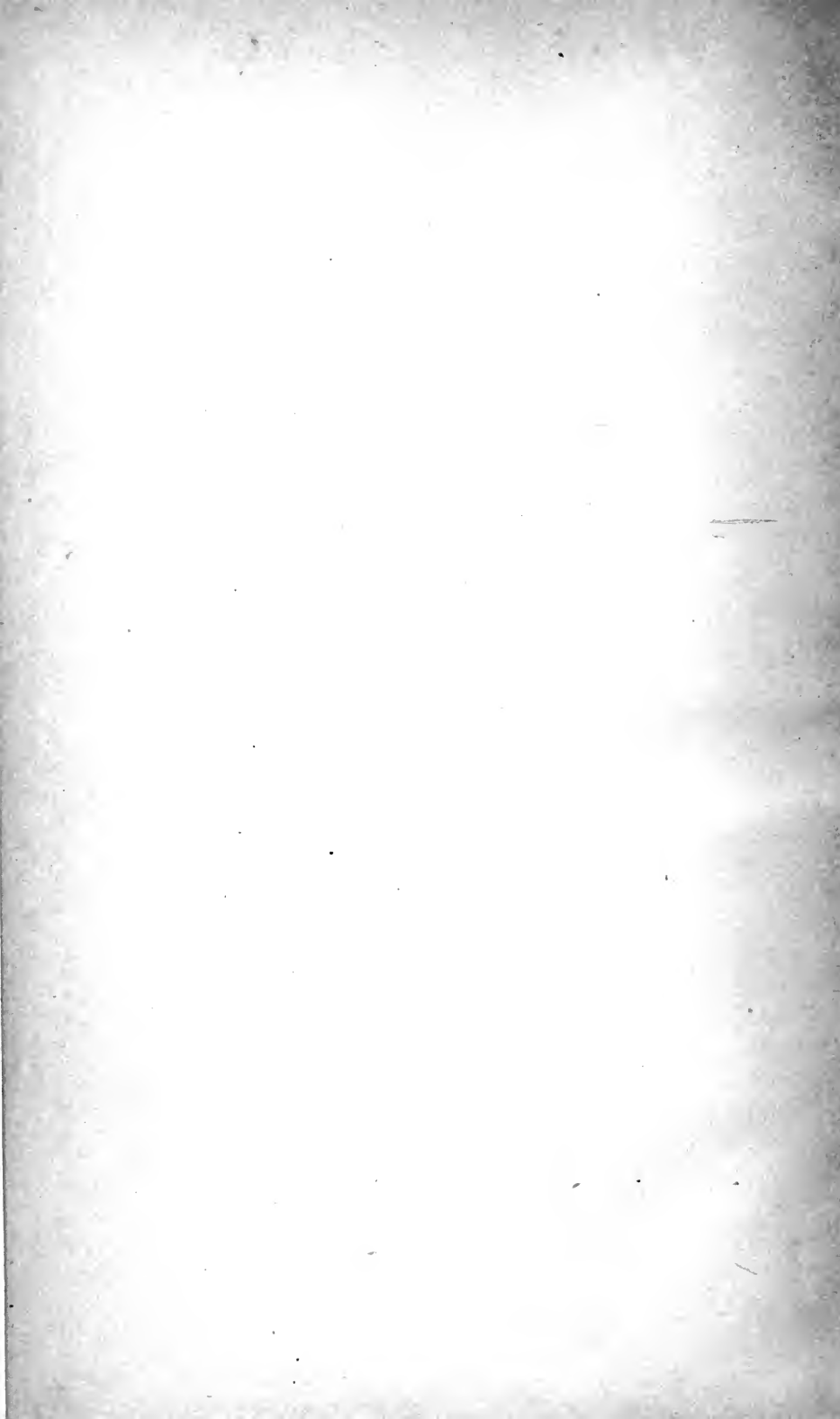
opposed to the millions of decrease of America's debt, offer a powerful lesson. No, nations cannot, in the long run, support such burdens; no, they can no longer continue to work, toil, suffer, raise up their families with difficulty, in order that their property resources, savings, and the beings dear to them should be sacrificed and destroyed by the gigantic struggles of war. They wish for peace, to profit by the benefits it procures, to exchange peacefully their products, to carry on commerce, to work; they all wish for an economical administration and for reduced taxes.

Governments respond to these desires by increasing every year the military expenses, the war preparations, and the public burdens.

Nations will in the end weary of keeping up such a state of things, which takes us back to the times of the barbarians: the civilization which has beaten down the barriers between countries and individuals, rendered intercourse more rapid and easy, established railways and roads, dug canals, pierced mountains and isthmuses, will impose peace upon modern society in as irresistible a fashion as war was imposed upon savages and ancient society.

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